FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,284 Thursday March 29 1984 D 8523 B

Saudi Arabia plays its petrochemical ace, Page 22

NEWS SUMMARY

GENERAL

Israel sets election date

Israeli premier Yitzhak Shamir and Labour opposition leader Shimon Peres yesterday announced that an general election will be held on July 23

The decision to hold the election 18 months ahead of schedule was forced on the Government last week when it was defeated on three private member's bills calling for the dissolution of the House. Both political leaders may face leadership contests within their parties. Page 24

Cruise disagreement

U.S. Defence Secretary Caspar Weinberger will be told by the Dutch Government today that it does not believe that its refusal to deploy cruise missiles will affect the chances of renewing the Geneva arms talks. Page 2

Soviets back Hart

A leading Moscow newspaper voiced cautious support for U.S. Democratic presidential contender Gary Hart and his views on nuclear weapons and U.S.-Soviet relations.

Mondale ahead in New York, Page 4

Santiago curfew

Santiago faced a third night of curfew after four people were shot dead in Chile during protests against the military government. Page 4

Armenians attack

An Armenian guerrilla died as he tried to plant a bomb in a Turkish diplomat's car in Tehran. Four others were arrested after two other diplomats were shot and wounded, one seriously.

Basque towns strike

Shops, schools and offices closed in several Spanish-Basque towns as people staged a 24-hour strike in protest at the recent deaths of four separatists in a police ambush.

Strike hits London

London commuters struggled home without buses or underground trains while London Transport staff held a 24-hour strike in protest at plans to abolish the Greater London Council.

Steelworkers protest

French steelworkers set fire to the Paris–Strasbourg railway line, blocked roads and burned newspapers in Nancy in protest at threatened job cuts.

Athens shooting

British cultural attache in Athens Ken Whittey was shot dead in Athens. A women passenger in his car was seriously wounded.

French pilot killed

A French Jaguar fighter crashed on a training flight over the Coiron plateau in central France, killing the pilot

Sikh violence spreads

Sikh violence in the north India Punjab state sprad to New Delhi, where a leading Sikh moderate was wounded by three Sikh gunmen. Page 4

Damascus hangings

Five men, including a policeman, were publicly hanged at dawn in a Damascus square for murder and robbery.

Kampala death

Unidentified gunmen shot dead an Italian businessman as they were stealing fuel from a Kampala, Uganda petrol station.

BUSINESS

Wall St up 20 in heavy trading

WALL STREET: Dow Jones industrial closed up 20.31 at 1,174.62, in its largest rise since February 24. Trading volume surged to 104.87m shares. **Report, Page 37; full share listings, Page 38-40.**

LONDON: FT Industrial Ordinary index added 0.2 to close at 875.2. Government securities were little changed. **Report, Page 41; FT Share Information Service, Pages 42-43**

TOKYO: Nikkei Dow index gained 172.51 to close at 10,700.87, a record high for the second successive day helped by falling interest rates and signs of economic revival. The Stock Exchange index was up 14.1 at 843.73. **Report, Page 37; leading prices, other exchanges, Page 40**

GOLD fell $2.75 to close at $388.25 in London. In Frankfurt it was down $2.5 at $386.25 and in Zurich it fell $3 to $386. The New York Comex March settlement was $386.10 ($387.30). **Page 46**

DOLLAR rose to DM 2.5975 (DM 2.578), SwFr 2.159 (SwFr 2.141); FFr 7.9925 (FFr 7.9425) and Y225.1 (Y223.3). Its Bank of England trade-weighted index was 126.8 (125.9). In New York it closed at DM 2.572; SwFr 2.143; FFr 7.9225 and Y223.75. **Page 47**

STERLING fell 90 points to close at $1.447 but improved at DM 3.76 (DM 3.755); SwFr 3.125 (SwFr 3.12), FFr 11.565 (FFr 11.56), and Y326 (Y325.5). Its trade-weighted index was 80.5 (80.3). In New York it closed at $1.4515. **Page 47**

SOUTH AFRICAN Finance Minister Owen Horwood raised company taxes and duties on beer and cigarettes in what he called a conservative budget aimed at fighting inflation and strengthening the economy. Overall spending was boosted 12 per cent to R24.95bn ($20bn), defence spending by 21 per cent. **Page 24**

LEAD prices were boosted on the London Metal Exchange by news that operations at the Broken Hill mining complex in Australia have been suspended after industrial action made them uneconomic. **Page 46**

BAT INDUSTRIES, the UK tobacco, retailing and paper group which bought the Eagle Star insurance company two months ago, pushed up its 1983 pre-tax profits by 14 per cent to £979m on turnover just 3 per cent higher at £11.85bn ($17.18bn). **Page 30; Lex, Page 24**

ELF AQUITAINE, the French state-controlled oil company, intends to increase its capital by about FFr 1.5bn through a one-for-ten share issue.

SHELL UK announced operating profits for 1983 of £1.924bn ($2.693bn), up 54 per cent. **Page 10**

SOCIETE FRANCAISE des Petroles BP, French subsidiary of British Petroleum, reported a net loss of FFr 8m for 1983, sharply lower than the FFr 143m reported in 1982. **Page 25**

GROUP BRUXELLES LAMBERT, Belgium's second largest holding company, will increase its dividend after announcing a net profits boost for 1983 of BFr 2.57bn ($48.7m) compared with BFr 1.48bn in 1982.

DALMINE, leading Italian maker of steel pipes, saw net profits for 1983 drop to L120m ($75,000) from L139.4bn in 1982. **Page 25**

NOVA PARK, Zurich-based hotels company, ousted founder and managing director Rene Hatt and arranged a $1.5m cash injection from New York banks.

WESTERN European economy is likely to continue its recovery this year and next, UN Economic Commission for Europe said.

Cheysson insists that EEC needs Britain

BY JOHN WYLES IN BRUSSELS

M CLAUDE CHEYSSON, France's External Affairs Minister, yesterday firmly quashed suggestions that the European Community could do without Britain.

Reporting to the European Parliament on last week's failed summit, M Cheysson declared: "Europe must be a Europe of 10 countries and of 12 tomorrow (with the accession of Spain and Portugal). We have committed ourselves to this."

The French Minister, who is currently president of the EEC's Council of Minister, was extremely careful to avoid any accusations against the UK.

In a measured account of the dispute over Britain's budget payments, M Cheysson refused to be pessimistic about reaching a settlement on that and on Ireland's demand for special exemption from milk quotas.

After the breakdown of the negotiations of heads of government last week, Mr Andreas Papandreou and some French opposition politicians had asserted that the Community would be better off without Britain.

Even M François Mitterrand, the French President, appeared to hint at the end of the summit that the Nine might try to push ahead on their own with development of the *Community.*

Although London will obviously welcome M Cheysson's statement of French determination to reach agreement on the budget issue, the British Government will be slightly puzzled by his description of its position.

He implied that the difference between the Nine and the UK concerned more than the amount by which the UK's budget contribution should be reduced at the start of a new system for calculating payments.

The nine had made an important concession to the UK in offering such a system, which M Cheysson suggested the UK had rejected because it did not take into account the payments Britain transfers to Brussels as customs duties and levies. "One member-state is behaving as if the system does not exist," the French minister said.

However, Sir Geoffrey Howe, Britain's Foreign Secretary, made clear at the end of Tuesday's abortive negotiations by EEC foreign ministers that the UK did accept the system but was insisting that its starting point should be an Ecu 1.25bn ($1.05bn) cut in Britain's payments.

In his report to the parliament yesterday, M Gaston Thorn, the European Commission president, emphasised his own disenchantment with recent developments, including two outline agreements reached at the summit which await a settlement of the British budget problem before they can be implemented.

He opposed the summit's approach to imposing a tighter control on EEC spending. That risked reducing the already limited powers of the European Parliament, which should not be blamed for any loss of control over expenditure, M Thorn said.

He thought, moreover, that the summit's agreement in principle to raise the 1 per cent VAT ceiling on EEC budget revenues to 1.4 per cent in 1986 and then 1.6 per cent in 1988 was "completely unacceptable."

A 1.4 per cent limit would last less than three years and, according to the summit compromise, the second increase would also be subject to ratification by national parliaments. M Thorn said a higher ceiling was needed as a demonstration of confidence in the Community.

Margaret van Hattem adds from London: The British Government is preparing for a war of attrition with its EEC partners over the base figure for its budget contribution to which new long-term financing arrangements will be linked.

It appears confident that its threat to block any increase in the Community's budget revenues until its own demands are met will ultimately force the other states to make concessions.

Sir Geoffrey Howe in the house of Commons yesterday said that the gap between the £590m ($740m) rebate offered by the other countries and the £737m which Britain is demanding was "of greater significance than is implied by the crude size of the gap."

His statement contrasts with signals from the Government late last week that it was ready, so long as the other countries agreed to bring in a long-term financing system, to give way on the sums at issue.

Sir Geoffrey's insistence on the importance of the £147m gap is regarded with scepticism, some Conservatives suggesting that Mrs Margaret Thatcher, the UK Prime Minister, has begun to view the figure as a test of prowess.

Prominent Conservative backbenchers believe the Government would have little difficulty in getting majority support in the Commons for something close to the lower figure.

The Government appears prepared to sit things out, however, until the next EEC summit in June, or even later if necessary. Sir Geoffrey indicated in his statement that Britain would abide by EEC rules in the meantime

UK wins concessions; Kohl call, Page 3

Bankers keep the curtain up at La Scala

By Alan Friedman in Milan

LA SCALA, Milan's glittering but impoverished opera house, was rescued yesterday by the world banking community after the Italian state failed to pay out aid funds approved by the national parliament.

Morgan Guaranty Trust, leading a consortium of 10 banks, has put together a L14bn ($8.7m) one-year loan, to help the opera house ride out the effects of L31bn of deficits which have accumulated since 1976.

Complaining "the Italian state is a poor paymaster," Sig Carlo Maria Badini, the opera house's superintendent, said that the financial crisis had worsened last year when La Scala recorded losses of L8bn.

The sale of tickets and royalties from recordings accounted for only a quarter of the cost of running the opera house, he said. The balance has usually come from the Government.

Mr Neil Wilkie, general manager of Morgan Guaranty's Italian operations, said that 10 banks from five countries had decided to join forces in "a move by the international banking community to support the temporary cash flow needs of the Scala." He said this was the first banking deal of its kind for La Scala, which had previously relied on the state to subsidise its operations.

Among the 10 banks participating in the bridging loan for the 2,000-seat centre of Italian opera are the Bank of Tokyo, Belgium's Banque Bruxelles Lambert, West Germany's Dresdner Bank and Citibank of the U.S.

With its financial problems at least temporarily resolved, La Scala turned last night to cope with a more familiar problem.

It needs a world-class conductor to conduct Pagliacci this weekend.

Mr Yuri Ahronovitch, who was booked to take up the baton for the performances, fled Milan yesterday after a row over a tenor, who, he claimed, kept turning up late for rehearsals.

The recent news that Sig Riccardo Muti would be replacing Sig Claudia Abbado as chief conductor was announced without explanation, although Milanese opera buffs hint darkly that Sig Abbado, while talented, was absent too frequently and may have caused resentment. But Sig Abbado will continue to conduct until Sig Muti is free enough to devote himself to the opera house which despite it all, remains Milan's pride and its emblem.

Jardine Matheson to withdraw holding company from HK

BY ROBERT COTTRELL IN HONG KONG

JARDINE MATHESON, the trading company which helped establish Hong Kong as a British colony 141 years ago, plans to move its ultimate holding company to the self-governing British territory of Bermuda.

Mr Simon Keswick, the group's chairman said yesterday that the move was prompted by uncertainty over Hong Kong's future. In particular Jardine was concerned about the legal system which would prevail after 1997 – the year in which Britain's 99-year lease over most of Hong Kong expires.

China plans to take back Hong Kong in that year, but has said it wants to leave the territory's way of life intact under an autonomous local administration.

Mr Keswick said he was confident of a "successful conclusion" to Sino-British talks about Hong Kong's future. The company's head office will remain in Hong Kong and it will not be moving any assets out of the territory. The new Bermudan domicile was desirable, he said, because "others, being farther from the scene, may view differently the natural progression of Hong Kong from a colonial territory to a part, albeit a special part, of China."

Mr Keswick said this concern might affect Jardine's ability to obtain "major long-term contracts, joint ventures, new acquisitions or finance." The Bermuda incorporation is scheduled for the end of June.

Mr Keswick announced the move together with Jardine's results for 1983. The group returned net profits of HK$139m ($17.8m) while its sister company, Hongkong Land, reported net profits of HK$168m.

Attributable profits to shareholders after extraordinary items and exchange translation gains, stood at HK$351m for Jardine. There was a corresponding loss of HK$1.3bn for Hongkong Land, which provided heavily against falling property values in Hong Kong. Hongkong Land paid a token one cent dividend.

Jardine's move to Bermuda is the first implementation by a major Hong Kong company of contingency planning against the uncertainty associated with 1997. Overwhelmingly, local companies have claimed publicly that 1997 is a non-issue in terms of forward planning, though few executives are without their private doubts.

Mr Keswick is himself a descendant of Mr William Jardine, one of the two Scottish surgeons who founded a trading partnership, Jardine Matheson, at Canton and Macao in 1832. They sold opium, a highly profitable commodity, into China.

Both men adroitly lobbied the British Government to protect their trading position on the China coast – a policy which culminated in the taking of Hong Kong as a colony in 1841–42.

Mr Jardine became a British member of parliament in 1841, and was acknowledged by Lord Palmerston, the British Foreign Secretary, as a valuable adviser.

Jardine's main interests now are in property, insurance, shipping and trading. Almost 70 per cent of group funds are concentrated in Hong Kong. The ownership of Jardine's overseas interests, including

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Lex, Page 24; Hongkong Land deeper in red, Page 26; Hong Kong pours money into Australia, Page 6

UK shipyard taken over in £12m deal

BY ANDREW FISHER AND PETER RIDDELL IN LONDON AND MARK MEREDITH IN EDINBURGH

THE SCOTT LITHGOW shipyard on the Clyde in West Scotland was finally saved from threatened closure yesterday when the UK Government approved its purchase by Trafalgar House, the British construction, shipping and property group.

The deal will cost UK taxpayers £71m ($103m). Trafalgar House is paying £12m for the yard, which was owned by state-owned British Shipbuilders (BS). As already announced, Howard Doris, the Anglo-French fabrication company, is to buy a 25 per cent share in the yard from Trafalgar. The deadline for this is April 24.

Trafalgar said that further redundancies from the remaining workforce of 2,900 were likely. Mr Eric Parker, managing director, said the number would depend on how the yard performed and how much work it obtained.

The company will pay an immediate £3m for the yard and the rest over three years. It will also be liable in three years to repay £8m lent by BS to the yard. BS made this loan when a possible deal, under which Trafalgar would use the yard's facilities free of charge for that period, was being discussed.

Under BS the yard ran into serious trouble on two major oil rig contracts for Britoil and British Petroleum and made heavy losses.

The main problem was caused by lengthy delays on an £88m rig for Britoil, which consequently cancelled the order last December when the rig was only 30 per cent complete.

Yesterday's agreement, which follows approval by Mr Norman Tebbit, Trade and Industry Secretary, provides for completion of the sophisticated rig by the yard under its new owner. The new deadline is March 1986.

As well as further offshore rig work, the yard will seek Ministry of Defence business, such as submarine refits, Trafalgar said. One such order now being sought could be worth £30m.

Mr Parker expected the workforce to fall gradually to 2,000 by the end of the year as the current work on the two rigs, and a small defence order was completed. If no new work came in, there could be a drop to 1,500.

Continued on Page 24

Porsche family shareholders expected to offer stakes

BY JOHN DAVIES IN FRANKFURT

FAMILY SHAREHOLDERS in Porsche, the West German sports car maker, are each expected to offer 30 per cent of their individual share stakes to outside investors in the form of non-voting preference shares.

The decision to open the company to outsiders and to list the shares on the Frankfurt stock exchange is a milestone in its 53-year history.

Details will be announced in Stuttgart today at a press conference to be attended by Dr Ferry Porsche, son of the company's founder.

Porsche had sales of DM 2bn ($778m) and made a net profit of DM 89.6m last financial year. It sold 44,800 cars, nearly half of them in the U.S.

The price of the preference shares is likely to be decided in about two weeks, and the issue could be completed as soon as the end of April. The issue could raise between DM 230m and DM 270m.

A stock market launching has long been discussed by members of the related Porsche and Piech families.

But the decision has been triggered off by recent moves by two members of the Piech family to sell their stake to Al-Mal International, the London merchant bank, acting in co-operation with ABC-Daus, the Frankfurt private bank owned by the Arab Banking Corporation.

Herr Ernst Piech decided late last year to sell his 9.5 per cent stake, but other members of the family stepped in to exercise an option of first right of purchase.

Last month his sister, Frau Louise Ahorner, came to a similar agreement to sell her 9.5 per cent stake for neerly DM 100m. It is understood that this deal will not go ahead in the original form. But Al-Mal International and ABC-Daus are expected to be included in the placement of preference shares.

Al-Mal International at first planned to bring its Porsche shares to the stock market indirectly through a Netherlands Antilles company, Motor Tech, to be listed on the Luxembourg bourse.

The bank offered to convert Frau Louise Ahorner's share stake into non-voting preference shares, in view of the reluctance of other family members to allow outsiders to gain any voting shares.

The Porsche and Piech families then decided on a wider move under which each shareholder would make over 30 per cent for stock market placement.

It is understood that Bayerische Vereinsbank, Deutsche Bank and the regional Landesgirokasse in Stuttgart will be involved in the share placement.

The shares are likely to be on the market relatively quickly, possibly next month.

After the death of the company's founder in 1951, the shares were in the hands of Dr Ferry Porsche; his sister, Frau Louise Piech; the four children of each of them; plus the separated wife of Gerd Porsche.

These 11 family shareholders were reduced to 10 when Herr Ernst Piech's stake was taken over with the help of bank finance.

CONTENTS

David Marsh reports on a French financial group's new fund

Suez steps into the venture capital business

COMPAGNIE FINANCIÈRE de Suez, the French state-owned financial and industrial holding group, is trying to marry the long-established Suez nose for business with U.S.-style venture capital techniques by creating a new fund to channel equity into promising small French companies.

The man chosen to head the initiative, being set up along with the state-run Industrial Development Institute (IDI), is M Gerard Worms, former director general of the Rhône-Poulenc chemicals group. He was recruited at the turn of the year by M Jean Peyrelevade, the Suez chairman, to look after the group's industrial interests.

M Worms is building up a small team at Suez to assist him in running the fund, and is also recruiting an informal network of "advisers" to keep a watch out for likely acquisitions in industrial sectors around the country.

The development fund to be run in association with IDI will have an initial capital of FFr 200m ($24.7m) and will start next month. Pointing out that some companies in need of equity might be reluctant themselves to approach a nationalised institution for funds (Suez was taken into state ownership, along with other large parts of the banking system in 1982), M Worms underlines that independent prospecting for new ideas will play a vital role in the success of the venture.

"You can't just wait in the office until a business presents itself. We do not intend simply that IDI should provide us with the ideas while Suez comes up with the money."

The first FFr 100m batch of Suez funds could be invested over one year in batches of anything between FFr 5m and FFr 30m per stake. M Worms makes it clear that the funds will be spread out over a longer period if investment opportunities do not at first match up to profitability criteria.

The idea eventually is to float off companies in which Suez holds a stake on to the over-the-counter section of Paris and regional stock exchanges set up just over a year ago.

Although M Worms points out that before nationalisation the Suez group was on occasion criticised for being over-conservative in its investment policies. He says: "We do not want to invest at any price. That way you make errors."

The new investment fund – which accompanies a string of fiscal changes being prepared by M Jacques Delors, the Finance Minister, to encourage risk capital ventures and initiatives such as management buyouts – would also be prepared to take stakes in larger companies or to help big groups find partners in France or abroad.

M Worms admits that his stock-in-trade will be smaller businesses. Suez at present is looking at two or three companies a week in which to explore taking stakes. Examples include traditional sectors like mechanical engineering and textiles as well as high-technology industries or the agro-food area.

The investment plan with IDI is part of M Peyrelevade's strategy to give Suez a new start and particularly to make clear that the group has not been nationalised simply to provide a financing vehicle for lame duck companies. In one controversial transaction which was completed at the beginning of last year, just before M Peyrelevade (a former close adviser to M Pierre Mauroy, the Prime Minister) became chairman, Suez took over for FFr 504m industrial and property interests from the former Rothschild bank. Also now nationalised, to help it out of financial difficulties.

M Peyrelevade is now pleading with its state shareholder to allow Suez to retain a greater share of its earnings, in order to finance its industrial operations. He is also making clear to the Finance Ministry that the group can play only a limited role in the financial bailout of the troubled Banque Vernes, in which it has a 10 per cent stake – precisely because Suez needs to keep cash available for profitable industrial investment, rather than propping up shaky banks.

Pay settlements threaten Sweden's economic strategy

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

THE SWEDISH Government is becoming increasingly concerned that inflationary settlements in the current wage round could seriously jeopardise its economic strategy.

Mr Kjell-Olof Feldt, the Finance Minister, has warned that urgent measures could be needed to tighten economic policy — possibly including the imposition of price controls— if high pay settlements continue to threaten the Government's main economic targets of reducing inflation and cutting unemployment.

Several important sectors of the workforce are still to settle with the employers, but the wage deals agreed last week, including one in the pace-setting engineering sector, are well above guidelines issued earlier by the Government.

Mr Feldt said it was still too early to draw final conclusions about the impact of the wage round on costs and prices, but if wage settlements seriously undermined Sweden's competitiveness the Government would be forced to act. Measures could include a tightening of both monetary and fiscal policy aimed at holding back price rises and controlling wage drift.

The Government has set the target of cutting inflation to only 4 per cent by the end of 1984, but it has warned that this aim can only be achieved if wage costs do not rise by more than 6 per cent this year.

The settlement reached in the engineering sector, the highest so far, implies an average increase for 1984 of 5.6 per cent, but wage drift — individual agreements reached at plant level — could push the rise in total wage costs to at least 9 per cent.

The seriousness which the Government attaches to the latest developments in the labour market was shown by the unsuccessful attempt by Mr Olof Palme, the Prime Minister, to intervene directly in the engineering sector pay talks.

The Government's task in monitoring the pay round has been enormously complicated by the employers' success in breaking down the previously highly centralised pay bargaining system.

The length of agreements reached so far vary from 12 to 27 months, with conditions and guarantees differing from sector to sector. The unions fear that their traditional "solidarity wage policy" is seriously endangered.

"You could visualise a smoothly working decentralised pay bargaining system," said one senior government official yesterday, "but what you now see seems a rather chaotic and unfortunately quite inflationary process."

Mr Kjell-Olof Feldt: urgent measures.

IRISH INDUSTRY CRISIS

Why a car factory closure may save a steel plant

BY BRENDAN KEENAN IN DUBLIN

THE FUTURE of Europe's smallest steel industry is hanging in the balance. Irish Steel, which has a single plant in Cork is waiting anxiously and lobbying keenly to save itself from extinction.

Ironically, recent industrial setbacks in Cork such as the closure of the Dunlop and Ford plants, may save Irish Steel. The Government is thought to be most unlikely to close a nationalised industry in the area and place another 620 workers in the dole queue.

The rescue will be expensive and difficult. The Irish Government will also have to persuade the European Commission that the company can become profitable and will require no further aid after 1986. If it can do so, it is thought the Commission would be prepared to increase Irish Steel's quotas, at a time when its biggest competitors are having their output slashed. The amount involved is so small—perhaps 250,000 tonnes per annum—that it would have little impact on the overall market.

It will not be easy to convince Brussels that the plant is viable, however. Although sales almost doubled in 1982 — the last reported year — losses were almost unchanged at I£20m (£16m). With borrowings of almost I£80m it is unlikely that last year's results will show much improvement.

The company needs Government aid of I£90m to have any chance of survival. This would follow substantial state assistance in previous years, including I£25m in 1982 and Government guarantees to cover borrowing of similar amounts. It has been calculated that if the company receives the additional aid, it will have cost I£250,000 to save each job in the plant at Haulbowline, beside Cork's splendid harbour.

The company argues that it can increase its sales sufficiently to make the company profitable in the latter half of the decade. Closure would be expensive, with the Government having to cover most of the I£80m debt.

The Irish Government is reluctant to get out of the steel industry entirely, and is conscious of the problems of the Cork region.

Closure would also be an admission that the original decision to re-equip the Cork plant in 1978 was mistaken and that the doubts expressed by the EEC Commission at the time were well-founded. At the time, the same arguments about the size of the plant and Irish strategic interests persuaded Brussels to give its approval.

The new plant was to make steel bars from scrap metal using a modern electric arc furnace. Capacity would have doubled to 350,000 tonnes and most of the output was to be exported. Not for the first time in Irish public projects, the published cost projections turned out to be hazy and delays on site meant a final cost of I£80m, double the original figure. The plant came on stream with heavy interest charges and into a market where demand and prices were at an all-time low.

The company has made considerable efforts to increase sales and claims it has exceeded the projections in a report by French consultants Sofresid last year. Even so, the plant is operating at around only 50 per cent of capacity.

Irish Steel faces further problems from the high cost of electricity in Ireland, the need to import most of the scrap metal for its furnace, and stiff competition from Third World countries in the light products which it makes.

In the end, domestic considerations may convince that Cork is worth another I£90m. After that, though, it will be up to Irish Steel. Perhaps no Irish Government could ever bring itself to close down its steel industry completely, but if the company cannot survive by its own efforts after 1986, the EEC may take the decision instead.

Pressures mount on Dutch over missiles deployment

BY WALTER ELLIS IN AMSTERDAM

AN EXTRAORDINARY statement this week by the Soviet ambassador to The Hague that, if the Dutch rejected deployment of U.S. cruise missiles, Moscow would guarantee never to launch a nuclear attack on the Netherlands has again highlighted the intense pressures under which the Government is labouring towards a missiles decision.

Mr Caspar Weinberger, the U.S. Defence Secretary, arrives today to tell Dutch Ministers that failure to agree on deployment of cruise will mean an end to any hope of reviving the Geneva arms control talks.

Both Washington and Moscow apparently believe that if the Netherlands refuses to honour its commitment to Nato, made in 1979, to accept 48 cruise weapons, the consequences for the Western alliance could be severe. Accordingly, the hapless Dutch cabinet is taking on the role of the nut in a nutcracker.

Mr Ruud Lubbers, the Dutch Premier, has been agonising over cruise ever since he came to power in November 1982 at the head of a centre-right coalition of Christian Democrats and Liberals. His personal view, regularly expressed, is that, if the Geneva talks are not resumed, the Netherlands has no option but to agree to deployment.

His own Christian Democrat parliamentary party has recently decided that it can accept only a reduced number of missiles—say 36—although some left-wingers may yet reject even that compromise. The right-wing Liberals are strongly pro-cruise but may, at a pinch, opt to accept a smaller number. The powerful Labour opposition is solidly against deployment and a majority of the smaller parties is similarly opposed.

In the country at large, a majority is evidently against, as was indicated by the enormous turnout of more than 500,000 protestors at a demonstration last October. The churches and the unions are allied with the peace movement, which is active and implacably opposed to the missiles.

French Government tries to plug leaky system

BY PAUL BETTS IN PARIS

THE FRENCH Government has become so enfuriated by the constant trickle of embarrassing leaks on domestic security and police matters that it has taken the unprecedented step of closing down the Press room at the Quai des Orfevres, the Paris police headquarters.

M Pierre Mauroy, the Prime Minister, said on radio that the Government was fed up with leaks and wanted to put a stop to them. He also accused the Paris police of being too indiscreet.

The same evening, M Gaston Defferre, the veteran Socialist interior Minister and major of Marseilles, explained why M Jacques Genthial, the head of the famous Brigade Criminelle (the crime squad), had also been shifted from his job.

M Genthial was a good policeman, he said, but there had been too many leaks and indiscretions in his department.

A number of delicate police "affaires" have found their way in the Press in recent months. However, there does not appear on the whole to have been more police leaks during the present Socialist administration than during previous ones.

The final straw seems to have been the publication by a French weekly magazine of a confidential report from the new Paris prefect of police, M Guy Fougier, warning that his forces were undermanned and that he could not guarantee that the police could fulfil all their tasks.

He was appointed after members of the police unions in Paris protested openly against the Government last June, causing a serious public scandal. They demonstrated outside the Ministry of Justice and near the Elysee Palace in protest at their work conditions and personal security.

The latest leak was particularly embarrassing because personal security in the streets of Paris has become an increasing source of concern for many French citizens. This has been exacerbated by several spectacular armed bank robberies and a number of terrorist shootings.

Moreover, questions have been raised about the methods of the French security forces—both the police and the gendarmes are under the wing of the Defence Ministry. A case in point was the arrest and subsequent release of three Irish nationals last year when overzealous French security officers planted weapons and explosives to back up their charges that the trio were international terrorists.

That affair ended with the dismissal of one of the top members of the Government's squad of super-gendarmes, the GIGN.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address changes to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

EUROPEAN NEWS

Joint research efforts 'need more freedom' from competition rules

BY PAUL CHEESERIGHT IN BRUSSELS

THE European Commission should be more generous in its plans to exempt EEC companies from the competition rules *when they are engaged on joint* research and development.

This advice came yesterday from UNICE, the federation of EEC industrialist, which finds "disappointing" a draft regulation published by the Commission designed to foster technological advance.

But the exemption from the competition rules does not apply automatically when the companies involved have a turnover of more than Ecu 500m (£297.5m) nor when more than one of three major companies in a particular sector want to co-operate.

It is these conditions rather than the principle of the exemption that concerns UNICE.

It wants the *turnover figure* eliminated on the basis that size as such is not indicative of a company's research abilities.

It wants a clearer distinction between research and development on the one hand and production on the other.

It argues that qualifications about competition should apply only when the production phase starts.

Amendments to the regulation embracing these arguments are being urged on the Commission, which is *weighing up* submissions from UNICE and others. All the submissions favour the principle but generally argue for a greater degree of exemption.

The Commission is using its powers to make exceptions from *the general application* of Article 85 of the Treaty of Rome. This forbids co-operation between companies which might *distort* trade.

It will consider the industry submissions and then talk with *governments of the Ten about* the new regulation in the hope of bringing it into force during the summer.

Belgian textile aid plea

BY OUR BRUSSELS STAFF

BELGIUM'S textile industry has told the Belgian Government that an aid plan for this year must be agreed with the European Commission.

There are fears that a European Court judgment last week will *offset the examination of* the aid plan, Mr Pierre Janssens, director-general of Febeltex, the industry federation, said yesterday.

This judgment declared that the Commission's approval of the 1982 plan, the first of a five-year programme, was null and void.

Mr Janssens said there could be no question of going back on the decisions of 1982 and 1983.

The Commission, however, has already told the Belgian *Government this year's plan is* unacceptable because of the improved condition of the industry and because it would upset EEC trade.

The implications of the court judgment are being examined by the *Commission*, but because the ruling was based on a procedural technicality and not on the legality of subsidies, it is not thought likely to have much impact on aid for the industry this year.

Spanish steel group chairman dismissed

By David White in Madrid

SR JOSE MARCIA LUCIA, the chairman of Spain's nationalised steel company was sacked yesterday *for failing* to take a tough line over planned closures at the Sagunto complex in Valencia.

The board of the state industrial holding company INI said it had dismissed Sr Lucia because he "did not obey concrete and precise instructions with regard to the negotiations taking place" at Sagunto.

The surprise move, believed to have been made on direct *orders from Sr Carlos Solchaga*, the Industry Minister, reflects the government's determination to restructure the steel industry in order to make it competitive in the EEC once Spain becomes a member.

The immediate cause of the action was Sr Lucia's decision to revoke dismissal notices sent out to 230 workers at Sagunto for "repeated disobedience" in defying the closure of the plant's largest blast furnace.

This closure, which the company has been trying to carry out for a year, is the first step towards dismantling the basic iron and steel-casting activities at Sagunto, the country's third largest steel centre.

Sr Lucia withdrew the disciplinary measures after Sagunto workers voted at the weekend to slow down the blast furnaces and suspend its production of pig iron—a preliminary step towards closure—pending talks with management. Workers described the chairman's position as "conciliatory."

The Government had been insisting that blast furnaces should be shut down before any concessions were made.

BRITAIN HAS WON VITAL CONCESSIONS ON EEC BUDGET PAYMENTS

Progress masked by budget storm

BY JOHN WYLES IN STRASBOURG

THE ANGER at last weeks EEC summit, the irritation at the end of Tuesday's abortive Foreign Ministers' meeting, the bitter complaints about British "intransigence" from some Community capitals yesterday all conspire to give a false impression of comprehensive deadlock over the budget issue.

However, the current conflict over the size of reduction in Britain's net payments to Brussels could not be taking place if vital progress had not already been made on principles of no less importance to the UK.

They are as important because the aim of the current negotiations is very different from the objectives of previous conflicts in 1980, 1982 partners were battling over the and 1983. Then, the UK and its amounts by which Britain's payments should be cut for one or two years at a time.

In contrast, the aim since last summer has been to find a semi-permanent system which, once in place ,automatic*ally pegs the UK's payments at* a level which can be politically defended in both London and other capitals as fair and in line with commonly accepted principles in the Community.

Along the way, Britain has quietly pocketed concessions satisfying every one of its detailed objectives. In return, it has given way on only one important point by accepting a means of measuring Britain's net contributions which will understate the actual amount by an average of Ecu 300m-Ecu 350m (£177m-£206m) a year. This will have to be borne in mind in judging the value of any final agreement.

Together the concessions comprise the foundations of a system very close to proposals tabled by Britain last summer. ffff: THE ANGER at last week's

The importance of the fierce and continuing argument over numbers can be seen from the way the proposed system would work. It can be explained in a series of steps, based on 1983 budget figures.

1—Measure the gap between the UK's share of total VAT *payments to the EEC budget* (21.3 per cent) and its share of allocated spending (13 per cent). This is equivalent to Ecu 1.622bn.

2—Agree by how much this should be cut in the first year of the system. The Nine have offered Ecu 1bn and the UK is demanding Ecu 1.25bn.

3—Express the remaining payment as a percentage of British gross national product. This delivers one co-ordinate for fixing the payment as a proportion of GNP. The other is the UK's per capita GNP in relation to the average of an expanded Community of 12. In broad terms, Britain's payment would rise in proportion to the increase in its national wealth and the change in its relative wealth in the Community. Hence, the importance of the starting payment. The higher it is, the more the UK is likely to be paying in the future and the smaller the corresponding extra burden to be carried by other member states.

The Nine are also pressing Britain to accept a small additional payment which has been *labelled a ticket moderateur.* This would rise as EEC spending rises and give the UK a direct financial interest in con*taining this expenditure.* Additionally, the Nine have conceded that the correction in Britain's payment in any one year should be achieved by lowering the volume of its VAT payments to the Community in the following year. Reductions under *previous ad hoc deals have been* made by increased EEC spending in the UK.

They have also conceded that the system should last as long as the extra resources allowed by raising the 1 per cent VAT limit on Community budget revenues. Britain will not allow this ceiling to be raised without full agreement on the new system.

Given the huge differences between Britain and her partners last summer over how her payments should be reduced and for how long, the negotiating achievement is more impressive than appears at first sight.

The cash figures upon which the system is to be launched are obviously very important, but it would be unfortunate if all this *progress was to be lost because* of a difference of Ecu 250m.

Foreign policies adopted by EEC

By John Wyles in Strasbourg

THE POLITICAL embarrassment caused to the EEC by its current domestic rows has been further highlighted by the almost furtive publication of foreign policy declarations which were due to be adopted by last week's summit.

They were not issued then because of the unresolved internal rows over the British budget problem and milk quotas. President François Mitterrand of France, the summit chairman, said at the time that the Ten could not tell others what to do when they had so conspicuously failed to put their own house in order.

Nevertheless, the EEC's foreign ministers did approve the texts on Tuesday and allowed their publication to be completely overshadowed by the failure of negotiations on the UK's budget demands.

Kohl makes call for Community vision

BY RUPERT CORNWELL IN BONN

CHANCELLOR Helmut Kohl yesterday called on those Community *countries, which genuinely wanted* to seek European political union, to stand up and be counted, giving clear expression to Bonn's growing exasperation at British obduracy on the EEC budget.

Herr Kohl stressed the need to continue working for a settlement of outstanding differences. He also laid much emphasis on the amount of common ground the Ten had already managed to achieve.

But in a report to the Bundestag on the two latest negotiating failures – first at last week's Brussels *summit and by EEC Foreign Ministers* on Tuesday – be warned of the perils of "political shortsightedness"

The Community was based on political and economic solidarity, and a fair balance of interests.

During his speech the Chancellor, who has several times recently promised an initiative from Bonn once the EEC's present difficulties were behind it, repeatedly referred to the broader goal of European union.

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March 29, 1984

Etendard deployment dismays Iraq allies

BY KATHLEEN EVANS IN DUBAI AND RICHARD JOHNS IN LONDON

IRAQ's latest air strikes in the war against Iran, involving what is believed to be the first deployment of its French-supplied Super Etendard aircraft, are causing grave concern among its Arab allies in the Gulf.

The two "large naval targets" which Baghdad Radio said on Monday had been struck south of Kharg Island proved to be a Greek tanker on charter to the Kuwait Petroleum Corporation and a supply vessel servicing a Saudi Arabian off-shore oil field near Kuwaiti waters at the head of the Gulf.

There were no casualties on the Greek vessel, but oil company officials said that on the Aramco ship one man had been killed, four were missing and seven hurt.

In addition, Iraqi aircraft are understood to have hit a producing platform in Iran's offshore Nowruz field, blasting away four well-heads. It was not immediately clear whether any oil was leaking, but fears of a major spillage of the kind which occurred as a result of damage to the same installations in 1982 have been raised.

The 41,329-ton Greek vessel Filikon L, owned by Elfellowship and registered at Piraeus, is carrying a cargo of Kuwaiti fuel oil. It was reported yesterday to have been hit 70 miles south of Kharg, on the starboard side 2 ft above the water line. The missile did not explode and the damage was only slight. Kuwaiti officials said the vessel was proceeding to Dubai for repairs.

The ship working for Aramco was struck nearly 100 miles west on the other side of the Gulf. Apart from the acute political embarrassment caused to the two states which have funded Iraq's war against Iran over the past three years, the attacks have shown the gross lack of competence on the part of the Iraqi Air Forces. Both vessels were well outside the war zone declared by Iraq.

In its news bulletin on Monday night Baghdad Radio spoke for the first time of the use of the Super Etendards delivered by France last autumn and believed to have been operational since January. Five in number, they are the only delivery system possessed by Iraq which is capable of hitting oil tankers in the vicinity of Kharg Island.

Shipping agents in the Gulf are extremely worried by the implications of Iraq's latest attack. "We can only hope that it does not escalate," said one official in Kuwait. The Gulf ports are already experiencing a downturn in tonnage because of the region's recession, but now some shipping lines, such as American President Lines, are making arrangements to call at ports outside the Gulf.

Sikh moderate shot in New Delhi

BY JOHN ELLIOTT IN NEW DELHI

VIOLENCE between Sikhs spread yesterday to New Delhi when a leading moderate was seriously wounded by three unidentified Sikh youths, who sprayed his car with bullets.

The injured man was Mr Harban Singh Manchanda, president of the management committee of the main Sikh temple in New Delhi. The attack provided the latest example of the battle within the Sikh community between moderates who want a peaceful settlement for their claims and the extremists, who want to increase the violence.

Responsibility for the attack was claimed last night by a militant organisation, the Dashmesh Regiment. It said Mr Manchanda had been shot because he had welcomed the banning last week by the Government of the All India Sikh Students Federation and because he had asked the militant Sikh leader, Sant Jarnail Singh Bhindranwale to vacate his sanctuary in the Golden Temple in Amritsar.

The fresh outbreaks of violence were a blow for the Government, which believed that tough security measures introduced during the past months were undermining the Sikh extremists.

Yesterday the Punjab state government responded by ordering new security measures.

● In Sri Lanka, seven Tamil terrorists and civilians were killed and others wounded in the north of the island by members of the country's air force. A Government announcement said air force personnel returning from depositing money at a bank were shot at by a group of terrorists, and returned the fire.

There is growing concern among Indian Government ministers in New Delhi that there may be more general outbreaks of violence on the island because of slow progress being made with an initiative to solve the sectarian differences between the Tamil and Sri Lanka's majority group, the Sinhalese.

Mrs Marcos not standing in parliamentary election

BY ABBY TAN AND EMILIA TAGAZA IN MANILA

AS CAMPAIGNING for the Philippines' parliamentary elections began in earnest yesterday, President Ferdinand Marcos predicted an "overwhelming victory" for the ruling New Society Party.

Meanwhile, his powerful and controversial wife, Imelda, sat down with the 21 candidates for the most important constituency, Metro Manila, of which she is Governor, to map out their strategy.

Mrs Marcos has ruled herself out of the running. At a party rally on Tuesday, she put an end to speculation on her plans by declaring that she was not a candidate. This apparently was in line with the wishes of her husband.

The local and foreign business community and the Philippines' bank creditors regard Mrs Marcos as something of a liability for the country's image.

Her exclusion from the election, however, by no means diminishes her political role. She remains Governor of Metro Manila and Minister of Human Settlements, and has said she wants to take over as secretary-general of the ruling party.

China plans investment zone scheme

By Mark Baker in Peking

THE PORT city of Dalien in north-east China will become one of a series of new foreign investment zones to be opened by the Chinese Government.

A senior Government official said yesterday that Dalien would be one of a number of coastal cities to gain the status of special economic zone.

China now has four such zones, which can offer special concessions, including tax holidays, for foreign companies that enter joint ventures or make sole investments. The biggest is Shenzhen, which borders on Hong Kong.

The Government official also said that China would ensure that investors were able to make profits and he reiterated that China was acting to clear up weaknesses in legislation covering foreign investment.

The Chinese leader, Deng Xiaoping, told the Japanese Prime Minister, Mr Nakasone, on Sunday that China would open more such zones.

The Government official said the success of existing zones had proved the correctness of China's policies of opening to the west.

"We will also build special zones in coastal cities where we will carry out economic and technical co-operation in the form of joint ventures and so on."

Japanese reject U.S. pressure to liberalise financial system

BY JUREK MARTIN IN TOKYO

MR HARUO MAEKAWA, the governor of the Bank of Japan, yesterday insisted that liberalisation of the Japanese financial system should be brought about by internally generated initiatives not external pressure.

His comments significantly reflect a tide of resentment in Japan's economic and financial bureaucracy over the virulent attack on alleged Japanese recalcitrance delivered here over the weekend by Mr Donald Regan, the U.S. Treasury Secretary.

Earlier this week another senior official of the central bank said that though Mr Regan's intemperance might be a negotiating tactic "a certain patience might be required when you speak with other countries."

The Finance Ministry has also complained to U.S. correspondents in Tokyo about the U.S. approach and even to ridicule Mr Regan's knowledge of the Japanese financial system.

If the bureaucracy is sufficiently incensed to dig in its heels, it may make it more difficult for Prime Minister Yasuhiro Nakasone, to do what he has promised and what the U.S. has explicitly requested: step in and impose a political decision on the liberalisation issue.

On Tuesday, Mr Nakasone ordered the chief Japanese negotiator, Mr Tomomitsu Oba, the Vice-Minister of Finance, to take "drastic action" in the shape of a concrete plan to decontrol Euroyen transactions before the next bilateral round in Washington on April 16-17.

He also ordered the Foreign Ministry to settle by the end of this week the outstanding question of Japanese import quotas on U.S. beef and citrus imports.

However, at least some bureaucrats are questioning whether Mr Nakasone's authority runs this far. Their argument has an intriguing origin, in nothing less than the Lockheed bribery trial.

This saw the defence for Mr Kakuei Tanaka consistently argue that the Prime Minister had no power to order, in this case, the Transportation Ministry and a domestic Japanese airline to buy Lockheed aircraft. Though Mr Tanaka was convicted and is now appealing, some feel that the legitimacy of this aspect of his defence was not overthrown.

This week's bureaucratic resentment may, of course, disappear. But proceedings in the Diet yesterday were largely taken up by a parade of MPs, many from the ruling party, threatening to defy Mr Nakasone if anything other than the most modest increase in agricultural imports from the U.S. is permitted.

Canberra paves way for shift in uranium policy

BY COLIN CHAPMAN IN SYDNEY

THE AUSTRALIAN Government has paved the way for a major shift in Labor Party policy to permit the expansion of the country's uranium industry.

It yesterday selectively leaked copies of a policy document, which rejects the present official commitment to phase out Australia's involvement in the uranium industry. It advocates instead development, provided the Government is satisfied importing countries will maintain conditions of non-proliferation.

The move is another example of Prime Minister Bob Hawkes pragmatism and willingness to lead his Government into direct conflict with established party policy. He has already persuaded his Parliamentary colleagues to permit the development of British Petroleum's and Western Mining's A$1bn (£643m) Roxby Downs uranium project in South Australia, but other new developments have been barred.

But under the leaked proposals drawn up by Senator Peter Walsh, the Minister for Resources, as a recommendation to the Labor Party conference in July, the Government recommends lifting this ban in favour of a policy which would allow the export of uranium.

One of the conditions under which this would be permitted would be for supplies of the export of uranium to be withheld from countries not observ-security conditions and non-proliferation safeguards.

The proposed new policy would refuse to allow the supply of uranium to France until that country ceases testing nuclear weapons in the South Pacific.

By making the document available, the Government is effectively trying to pre-empt a confrontation at the July conference.

● The three major mines in Broken Hill, New South Wales, were closed down last night when the major employers laid off 2,500 miners who have been operating a go-slow for eight days.

The leading employers, North Broken Hill Ltd and CRA, said it was no longer economic to operate the mines when the unions continued to press wage claims and when there was a recession in the base metals market.

The mining companies want to cut the workforce in a bid to reduce costs, and are concerned about the large stocks of ore at the mines. Last night the unions accused the employers of organising a lock-out and the scene is set for a long and bitter dispute.

Ghana devalues currency and lifts minimum wage

BY PETER BLACKBURN IN ABIDJAN

GHANA has devalued its currency by a further 14.3 per cent in the 1984 budget, announced yesterday by Dr Kwesi Botchwey, the Finance and Planning Secretary.

The cedi has been devalued from C30 to C35 to the U.S. dollar in a further effort to close the gap between the official and black market exchange rates, estimated at four-to-one.

Last October the Government devalued the cedi by 90 per cent as part of a draconian International Monetary Fund World Bank austerity programme aimed at rescuing the country from economic collapse.

The latest devaluation diminished the benefit of a 60 per cent rise in the basic daily minimum wage to C40 (US$1.10), announced in the budget, despite extra tax relief for low-paid workers. It also falls far short of trade union demands for a twelvefold increase in the minimum wage to C300, said to be barely sufficient to feed a worker.

The wage increase will cost the government an extra C5.2bn a year and is considered to be the maximum possible within the framework of the IMF/World Bank economic recovery programme.

It swells the budget deficit to C15.9bn with expenditure put at C38.5bn and revenue C22.6bn.

Cocoa, timber and gold export earnings are expected to rise this year, Dr Botchwey said. The cocoa pricing committee would meet soon to consider new producer prices in relation to world market price trends.

Prices of imported rice, maize and sugar would remain unchanged. Food imports will cost $77.6m out of total commodity imports of $641.2m.

Food subsidies for the country's three universities, due to be reopened shortly, as well as other educational establishments are being increased.

Zimbabwe announces monetary policy switch

BY TONY HAWKINS IN HARARE

ZIMBABWE yesterday introduced new monetary policy measures designed to mop up excess liquidity in the banking system created by the tightening up of exchange controls announced on Tuesday.

In a statement, the Reserve Bank of Zimbabwe said the liquidity ratios of commercial and merchant banks would be raised from 30 to 35 per cent from May 1, while the Central Bank itself would issue a new type of non-discountable and non-transferable bill (Reserve Bank of Zimbabwe bills) to absorb any excess market liquidity.

Interest rates paid by the Post Office Savings Bank for both fixed and savings deposits have been increased, which is likely to result in a transfer of funds from the commercial banks and the building societies to the Post Office. To adjust for this, the liquidity ratio for building societies has been reduced from 20 per cent to 15 per cent, while finance houses are to be allowed to vary their deposit rates for deposits with a greater maturity than 15 months.

The Central Bank says the new measures should minimise the impact on the money supply and inflation of both the increased budget deficit announced last month and the tightening up of exchange controls.

Mondale ahead in the battle for New York

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE SEE-SAW struggle for the Democratic presidential nomination shifted yesterday to the major battleground of New York, where a new poll gave former Vice-President Walter Mondale a clear 10 per cent lead over his main rival, Senator Gary Hart.

The Hart campaign was optimistic, however, that the Colorado Senator's landslide victory in Tuesday's primary in neighbouring Connecticut would generate enough new momentum to change the picture in the six days left before the New York vote.

Mr Hart won Connecticut, a state he had cultivated intensively, with 53 per cent of the final vote, against only 29 per cent for Mr Mondale, who had largely written it off. The Rev Jesse Jackson again scored heavily with black voters, but captured only 12 per cent of the total.

Mr Hart's victory gave him a clean sweep of the six states of New England, where he began his dramatic explosion onto the national political scene just one month ago. With the Connecticut results included, Mr Mondale had accumulated a total of 698 of the 1,967 convention delegates needed for nomination, against 428 for Mr Hart and 88 for Mr Jackson, with 305 uncommitted, according to unofficial figures.

Mr Hart attributed his win, his first in a primary for two weeks, to voter concern about Mr Mondale's foreign policies and his rival's use of "negative campaigning and negative politics."

Mr Hart swept virtually every cross section of the vote, except for blacks.

Most significantly, however, TV network exit polls suggested that Mr Hart had taken up to as much as 60 per cent of the Jewish vote, which is likely to be a vital factor in New York.

The latest Washington Post/ABC News poll, however, suggested that Mr Mondale was ahead of Mr Hart by two to one among New York's Jewish voters. Overall, the poll gave Mr Mondale 43 per cent of people who said they were certain to vote in Tuesday's primary, against 33 per cent for Mr Hart and 15 per cent for Mr Jackson, with 9 per cent undecided.

Nevertheless, the volatility of this year's Democratic voters is such that a lead of even 10 per cent can no longer be taken for granted.

The New York voters could also be swayed by the intense debate that is now under way between the two leaders, with new accusations and counter-charges surfacing almost daily. Mr Hart is now challenging Mr Mondale to spell out his defence policies and arguing that his rival's Central American policies could lead to "large losses of American life."

Mr Mondale has retaliated by accusing Mr Hart of wanting to "pull the plug" on countries in Central America that deserve U.S. support and challenging Mr Hart's claim to have been consistent in his calls for the immediate withdrawal of the U.S. marines from Beirut.

Half of Salvadoran guerrilla weapons seized from army

BY OUR U.S. EDITOR

THE REAGAN Administration has admitted that the left-wing guerrillas in El Salvador are seizing as much as half their weapons from Government forces, which are in turn supplied by the U.S.

Confirmation of the previously undisclosed figure, much higher than previous estimates, came from Mr Fred Ikle, Under-Secretary of Defence for Policy, at a Congressional hearing on Tuesday. He said that it represented about the amount that the guerrillas have been able "to take away, capture or acquire by other means from the Salvadoran forces."

Mr Ikle added that only about 20 per cent of the guerrillas' ammunition and explosives was captured from the Government, while 80 per cent came from Cuba and the Soviet Union via Nicaragua.

Mr Ikle's figures will undoubtedly be used by opponents of further U.S. military aid to El Salvador, who have argued that U.S. weapons are effectively arming both sides. While there have also been reports of Government soldiers actually selling their weapons to the guerrillas, Mr Langhorne Motley, Assistant Secretary of State for Inter-American Affairs, told the hearing that this was a "canard."

Mr Ikle turned the critics' argument on its head. The loss of weapons was one more reason to give the Government more aid so that its soldiers could better defend themselves, he told the House appropriations subcommittee on foreign operations.

The Senate was yesterday due to open debate on the Administration's latest request for an urgent $98m emergency military aid for the Government, now temporarily reduced to $62m in a compromise with Senate Democrats. Mr Motley made it clear that the compromise—intended to ensure smooth passage through the Senate—did not mean that the Administration had abandoned its original target of a total of $178.5m in extra military aid this year.

The Administration, however, still faces an uphill battle in the House, where many Democrats oppose any new military funding.

Our Foreign Staff adds: El Salvador's acting president, Sr Alvaro Mangana appealed to the political parties who contended Sunday's presidential elections to avoid violence as recriminations grew yesterday over the confused outcome of the poll.

Elaborate electronic equipment supplied by the U.S. has been largely discarded in favour of personal checking of ballot boxes by the Electoral Council. As a result doubts were being expressed yesterday that any formal result was unlikely this week.

In the meantime the Christian Democrat candidate, Sr Jose Napoleon Duarte has continued to insist that he has won 44 per cent of the vote, well ahead of his nearest rival

IDB disagrees on how to combat debt crisis

BY ANDREW WHITLEY IN PUNTA DEL ESTE

THE THREE-DAY conference of the Inter-American Development Bank (IDB) wound up here yesterday, amid clearly defined disagreements among its member-countries over the role it should be playing to combat the economic crisis gripping Latin America and the Caribbean.

The disagreements pit the U.S., by far the largest shareholder in the bank, and several West European countries against a solid bloc of regional members, led by the three largest economies Brazil, Mexico and Argentina.

At issue is the extent to which the IDB, functioning as a regional development agency for nearly 25 years, should respond to the immediate, often acute, needs of the region with so-called "flexible" lending programmes.

The three leading Latin American countries also called for a special increase in the bank's capital, above the resources agred last year, to meet their own particular needs. This call, and the other appeals by finance ministers and central bank governors from throughout the region for more changes in the IDB's lending procedures, were fimly rebuffed by Mr Tim McNamar, the U.S. Deputy Treasury Secretary.

Sr Affonso Celso Pastore, the president of Brazil's Central Bank, told Mr William Rhodes of Citibank and the chairman of the country's bank advisory committee, that Brazil is now current in its interest payments to creditor banks, writes Reuter from New York.

Sr Pastore met privately with Mr Rhodes during the Inter-American Development Bank conference in Punte Del Este.

The third $1bn payment of the $6.5bn new commercial bank loan was disbursed last Friday helping Brazil to pay its interest arrears.

"We should guard against the well intended temptation to treat the IDB as a balance of payments financing organisation," he said.

A majority of Latin American countries have adopted economic stabilsation programmes and turned to the IMF for help over the past year. But differences which were publicly aired at this conference exist between those patients like Brazil which are accepting the medicine without complaint and those, notably Argentina, whom are refusing to accept the traditional cures prescribed by the IMF.

Second plan for nuclear conversion

By Terry Dodsworth in New York

A SECOND proposal within three months to convert a planned U.S. nuclear power facility to coal burning has been tabled by Wabash Valley Power Association, the junior partner in the abandoned Marble Hill nuclear project in Indiana.

Wabash Valley's announcement follows the decision by two electricity utilities in Ohio to try to convert the 97 per cent complete Zimmer facility to coal after the expenditure of $1.6bn. Cincinnati Gas and Electric and Dayton Power and Light, the two companies involved at Zimmer, said that they had been forced into this action by the heavy cost of making the plant acceptable to the Nuclear Regulatory Commission, which could have run as high as an additional $1.8bn.

At Marble Hill, the Wabash Valley proposal would involve the acquisition of the 83 per cent stake in the operation owned by Public Service of Indiana. It is aiming to acquire this holding at a nominal price.

In a separate development, the problems of meeting regulatory approval, one of the reasons for the huge cost overruns on the present generation of nuclear-fired stations, is being demonstrated by delays in the start-up of the Diablo Canyon plant

Four die, hundreds arrested in latest anti-Pinochet protest

BY MARY HELEN SPOONER IN SANTIAGO

AT LEAST four people were killed, dozens injured and 358 were arrested on Tuesday during Chile's first national day of protest this year against General Augusto Pinochet's military regime. The curfew was extended for a third night in the capital and in the coastal province of San Antonio, and Opposition leaders declared the protest "a resounding success."

In one sense, Tuesday's protest was a dress rehearsal for the national strike which the trade unions hope to organise later this year. The authorities estimated that school attendance was down to 47 per cent in Santiago, the capital, as Chileans heeded the protest organisers' request to keep their children at home.

Traffic was reduced by up to a third and bus drivers kept their vehicles off the roads. Those who braved the barricades erected in the poorer neighbourhoods on the outskirts of the capital were pelted with stones or had their tyres punctured by broken glass and nails strewn in the streets.

Chilean truckers had suspended earlier plans for a 24 hour strike to precede the day of protest but joined bus and taxi drivers and several professional associations in expressing support for the protest. Shopkeepers began closing their doors shortly after university students held mid-day demonstrations in the central business districts.

Chile's paramilitry police, the carabineros, were not in greater than normal force, patrolling the streets after curfew and positioning themselves in the centre of the capital during the day to control street demonstrations.

But there was no sign of the troops, which Gen Pinochet despatched in their thousands on last August's day of protest, when a dusk-to-dawn curfew was imposed and 24 Chileans were killed.

The authorities appeared to be showing a firm but restrained hand, arresting hundreds of curfew violators, but releasing most of them several hours later.

But the deaths heightened tension further. A university student in the southern industrial city of Concepcion was shot by police during a demonstration and the resulting outrage prompted authorities to declare a curfew to be called there as well.

Two other people, including a 12-year-old boy, were shot dead during clashes with police in low-income neighbourhoods of Santiago, where the days of national protest have previously turned violent. A fourth victim was killed by gunmen firing from a passing vehicle when demonstrators in the coastal town of Vina del Mar attempted to block traffic.

On Sunday, Santiago's archbishop Monsignor Francisco Fresno issued an urgent plea to both the Government and its opponents to resolve their differences peacefully, a plea which received favourable comment from officials and opposition leaders.

The church may well sponsor another round of peace talks between Sr Sergio Jarpa, the Interior Minister, and members of the Democratic Alliance, a multi-partisan opposition group

The resumption of the protest movement by a broad sector of Chilean society confirms that more than nine months of desultory negotiations, largely conducted by Sr Jarpa, have failed to placate opposition to Gen Pinochet, who appears more than ever determined to stay on in office and abide by the terms of the controversial plebiscite held in 1980. The plebiscite granted Gen Pinochet office until 1989 with the option to remain in the presidency for a further eight years.

The opposition not only wants Gen Pinochet to step down before 1989 but also to move quickly to allow free elections. From the way he has behaved since the end of last year, it appears that Chile's leader has more than recovered his composure and believes that firm rule, rather than concessions will serve Chile best.

Pursuing this line, Gen Pinochet continues to be aided by the lack of genuine cohesion among the opposition. The opposition groups consist of the Democratic Alliance, which includes representatives from the moderate wing of the late President Salvador Allende's Socialist Party, and also many right moderates on the one hand. On the other are the more radical sectors grouped within the Democratic Popular Movement (MDP), some of whom have links, albeit indirect, with the revolutionary Left — believed to be behind the latest wave of terrorist actions.

These have shown a sharp increase in the past two months and are likely to confirm Gen Pinochet's worst suspicions about the intentions of some opposition figures.

Equally, however, Gen Pinochet has been able to see from Tuesday's day of protest that the Left's aim of organising a general strike was not fulfilled. This will eventually be the crucial test of both the strength and unity of the opposition. The powerful copper workers' union has held back from backing a strike, and many centre and moderate opposition figures fear that the Chilean Communist Party will seek to use a general strike for its own ends.

Sr Jarpa himself has been seeking to establish a bridge with the Democratic Alliance and use them as a moderating force for controlled change. But the Alliance has become increasingly frustrated by the lack of progress and the apparent reversal of Gen Pinochet's brief to Sr Jarpa to establish a guided transition period towards an eventual democracy.

Diplomats in Santiago have begun to talk of strong differenc among Gen Pinochet's ministers over tactics to be pursued. In particular, Sr Jarpa is reportedly arguing for a more expansionary and populist economic policy to offset Gen Pinochet's tough line in refusing real concessions for a liberalisation of political life.

Sr Carlos Caceres, the Economy Minister is insisting, however, on continued tight adherence to the International Monetary Fund agreements that promise only a limited respite for the country's high unemployment.

The protest movement, having been judged by its organisers as a success this week, can now only lead to further confrontation and probably greater internal divisions within the regime itself.

James Buxton, recently in Milan, explains why a successful industry wants state aid

Italian machine tool makers fight to keep lead

"THE WEST Germans made the mistake of resting on their laurels and got left behind. We mustn't do the same thing." The speaker was an official of Italy's vigorous machine tools manufacturers association, Ucimu. He was explaining why Italian manufacturers are asking for state assistance on an unprecedented scale, some L600bn (£250m) over five years.

The request, if granted, should lead to even stronger Italian competition in export markets, and which could easily run foul of the European Community's competition policy. But it has found a sympathetic if cautious, listener in the form of Italy's lively Minister of Industry, Sig Renato Altissimo who came to office last year in the Government of Sig Bettino Craxi.

The analogy with the West German machine tool industry is revealing. In the 1970s, according to Ucimu, West German machine tool makers were so proud of their sophisticated but traditional engineering that they failed to appreciate the full significance of the new numerically controlled machine tools. Italian manufacturers enthusiastically embraced the new technology, many and coming within striking distance of Japan and the U.S., the sector leaders.

They also made big advances in factory automation. Italy now has several companies which combine machine tool and electronic control expertise, which are the essential components of the type of machine tool known as "flexible manufacturing systems." Here, an assortment of machine tools can be programmed to do a variety of different tasks, making for sharp increases in productivity. The industry leader is probably Comau, the Fiat subsidiary whose showcase is the automated Fiat car plant near Turin.

So why is the Italian machine tool industry, the fifth largest in the world and the fourth biggest exporter, after Japan, West Germany and the U.S., so worried?

Mainly because it realises that it has still gone only a small way towards the full-scale factory automation of the near future, and is not sure that it will be able to keep it up. Government aid to the industry has until recently been minimal.

Until now, the industry's strength has been that it consists largely of small companies — about 400 companies employing an average of only 90 people each. But this could become a weakness when large investment and the ability to handle big automation projects is needed.

> Italy's successful machine tool industry, which consists largely of small companies, says it needs Government assistance if it is to keep pace with technological change.

According to Professor Gian-Maria Grof-Pietra, of Turin University, flexible manufacturing systems account for only about 30 per cent of the output of the Italian industry. The rest still consists of traditional machines which operate in isolation and perform a limited function. But in five to seven years the proportion will be reversed.

This week, as robots nodded and buzzed their way through demonstration tasks at the industrial automation and robot exhibition at the Milan Fair, Ucimu's chairman, Sig Bruno Rambaudi, put the manufacturers' requests to Sig Altissimo at an open meeting.

He said Ucimu wanted loans at not more than 40 per cent of the standard rate of interest to enable machine tool manufacturers to adapt their technology. It also wanted the funds to be dispersed in such a way as to encourage smaller companies to collaborate with each other through umbrella holding companies.

Italian machine tool manufacturers have long looked with envy at other country's schemes for encouraging manufacturing industry to invest in new machine tools, particularly quoting schemes run by the British Department of Industry. Last year Sig Altissimo agreed to a temporary measure providing L100bn to boost demand from industry for machine tools. But this expires at the end of June and now the machine tool makers are asking for money for themselves.

Sig Altissimo is basically sympathetic to the idea of helping the machine tool industry. He is fed up with the way in which the Goverment allocates money for often undeserving industries using almost unworkable procedures, attracting obstruction from the EEC at the same time. His natural inclination is to go for smaller, more effective intervention, specifically aimed at bringing in new technology.

He told Ucimu that he thought the machine tool industry could be more easily aided by means of tax relief such as negative value added tax and investment allowances, than with a special measure giving direct financial aid. The latter, he said, could produce problems in Brussels, which prefers Governments to back research and development rather than direct investment.

But he promised to check the Commission's reaction and give a firm answer by the end of June. The Italian machine tool makers feel confident that they will get something—provided the Craxi Government and Sig Altissimo stay in office long enough.

Singapore exports to U.S. rise 118%

By Chris Sherwell in Singapore

SINGAPORE'S exports to the U.S. rose to S$911.2m (£651m) in January, an increase of 118 per cent against the same month last year, with the bulk of sales in sophisticated electronics.

The figures, from Singapore's Statistics Department, illustrate how the U.S. economic recovery is pulling the island's economy back on to a high growth path and reinforcing the U.S.'s position as Singapore's largest foreign investor and trading partner.

Gross domestic product in Singapore rose at an annual rate of more than 10 per cent in real terms in the last quarter of last year, pushing overall growth for the year to 7.9 per cent, far higher than expected even a few months earlier.

The manufacturing sector showed 14 per cent growth in the last quarter, with the impetus coming mainly from the electrical and electronics sector.

Most of the major U.S. electronics companies have manufacturing subsidiaries in Singapore, taking advantage of the country's skilled labour and attractive investment incentives. The factories produce disk drives, computer keyboards and printers, circuit boards and integrated circuits and various other components.

Also prominent among Singapore's exports to the U.S. are high-fashion clothes.

Between January 1983 and January this year, the value of total Singapore exports soared 33 per cent to $4.6bn. In 1983, non-oil domestic exports alone rose 17 per cent.

Hong Kong cash pouring into Australia

SYDNEY — Substantial amounts of Hong Kong investment money are pouring into Australia. The investment ranges from bank dedeposits to shops, restaurants, vineyards, supermarkets and apartment buildings according to Australian and Hong Kong officials.

Australian Government figures show that in fiscal year 1983, some $A774m (£510m), or 9 per cent of all foreign investment, entered the country from Hong Kong, more than double the previous peak of A$297m in 1982. The figure was just A$40m in 1979.

The Foreign Investment Review Board (Firb) said it approved 52 proposals from the colony last year representing A$107m, and 87 per cent of this was for real estate. Firb officials acknowledge that this was only a small percentage of the total.

After the U.S. and Canada, Australia is the third most popular magnet for Hong Kong dollars and emigres, a Hong Kong Trade Development Council representative in Sydney said.

The rise in the influx of capital is largely attributable to the uncertainty felt by many of the colony's entrepreneurs about their future after 1997 when the British lease on the Chinese territory expires.

AP

Japanese VCR exports rise

TOKYO — Japan's exports of video cassette recorders (VCRs) rose to 1.49m units in February, 55.5 per cent up from a year earlier, the Electronics Industries Association of Japan said yesterday.

VCR exports to the U.S. jumped 167.4 per cent from a year earlier to 646,713 units, accounting for 43.4 per cent of all VCR exports.

But VCRs shipped to the European Community fell 14.7 per cent from February last year to 337,634 units, accounting for 22.7 per cent for all VCRs shipped abroad, as exports to Britain declined 47.1 per cent to 168,653 units from a year ago.

AP-DJ

Olivetti given AT&T computer distribution rights for Europe

BY JAMES BUXTON IN ROME

OLIVETTI, the Italian data processing equipment maker, has been granted exclusive European distribution rights for American Telephone and Telegraph's new 3B range of minicomputers.

AT & T, the U.S. telecommunications giant, recently took a 25 per cent stake in Olivetti.

The 3B range, which was launched in New York on Tuesday, will extend Olivetti's range of products in distributed data processing. Olivetti is due to unveil a new line of minicomputers in London today.

The agreement giving Olivetti European distribution rights for the 3B range follows February's agreement under which Olivetti agreed to sell AT & T data processing products worth about $700m over the 1984-86 three-year period.

For AT & T the 3B range marks its entry into the general purpose computer market.

In a separate development Cogefar, the leading Italian construction company, has won two contracts totalling L135bn (£57m) to build hydro electric plants in eastern and central Africa.

The first, worth about L100bn, is for a hydroelectric plant at Mtera in Tanzania, which is to be financed by the World Bank and the Italian Government.

The other is for a L35bn plant on the River Ruzizi between Zaire and Ruanda. Financing for this plant is also guaranteed by the World Bank.

● Hawker Siddeley Power Engineering of the UK has been awarded a £7.4m contract by the Tanzanian Electrical Supply Company to design, supply, deliver to site, erect and commission a 5.5 Mw diesel power station in southern Tanzania, our Foreign Staff writes.

The project, to be completed next year, will incorporate civil engineering works and three substations to be situated at Masasi and the outlying villages of Newala and Nachingwea.

The contract also includes the supply of materials for overhead transmission lines, which will carry the power to Newala and Nachingwea, and the supply of construction vehicles and communications equipment.

● Revlon of the U.S. has concluded an agreement with Behringwerke, a subsidiary of Hoechst GmbH, the world's largest pharmaceutical and chemical company, which would allow the Armour Pharmaceutical Company, a Revlon subsidiary, to market 10 Behringwerke plasma derivative products in the U.S.

The agreement also provides Armour with U.S. marketing rights to certain future new products developed by Behringwerke.

Armour is among the leading companies in the U.S. in plasma fractions sales and the largest domestic distributor of blood coagulation products which are used by hemophiliacs.

Libya uses oil to pay off Turkish construction debts

BY DAVID BARCHARD IN ANKARA

TURKEY IS to accept up to 2.5m tonnes of crude oil from Libya in lieu of $700m (£500m) owed to Turkish contractors working there, officials in Ankara said yesterday.

The deal was arranged during the visit to Ankara of Mr Abou Zeyd Dourda, the Libyan Minister of Agriculture. Turkey has agreed in principle to buy 3m tonnes of crude from Libya this year.

Some 1.5m tonnes is to be used to pay off debts to 48 Turkish contracting companies in Libya. A further 7m tonnes is also likely to be used for this purpose.

Final agreement on the arrangement is expected to be concluded during Prime Minister Turgut Ozal's visit to Libya next month. A joint Turkish-Libyan holding company, Islam Holding, will also be set up during the visit.

This is the fourth occasion on which Libyan crude purchases have been used to offset Libyan payments arrears to Turkish contractors.

Many firms are known to be in serious difficulties, though Mr Ali Riza Carmikli, head of the Libes group, one of the largest Turkish contractors working in Libya, said recently he and other contractors were able to live with the payments delays.

However, the arrears are known to have played some part in the collapse last year of the giant Kozanoglu Cayusoglu construction group.

● The Endustrasi Endustri ve Ticaret Bankasi of Istanbul (Interbank) has signed a $30m syndicated loan with a group of seven Gulf banks led by the Kuwaiti Foreign Trade, Contracting and Investment Corporation.

Egyptian credits approved

WASHINGTON — The U.S. Export-Import bank approved two loans totalling $147m (£1.05m) to an Egyptian airline for the purchase of three Boeing jets.

The 767-200 airliners and related equipment costing $173m will include jet engines manufactured by Pratt and Whitney, the Eximbank said.

The purchaser is the state-owned Egyptair.

The Eximbank said it will provide one loan of $108.1m at 12 per cent annual interest and a second credit of $38.9m at 12.5 per cent a year. Repayments will be in 20 semi-annual instalments, starting in February next year.

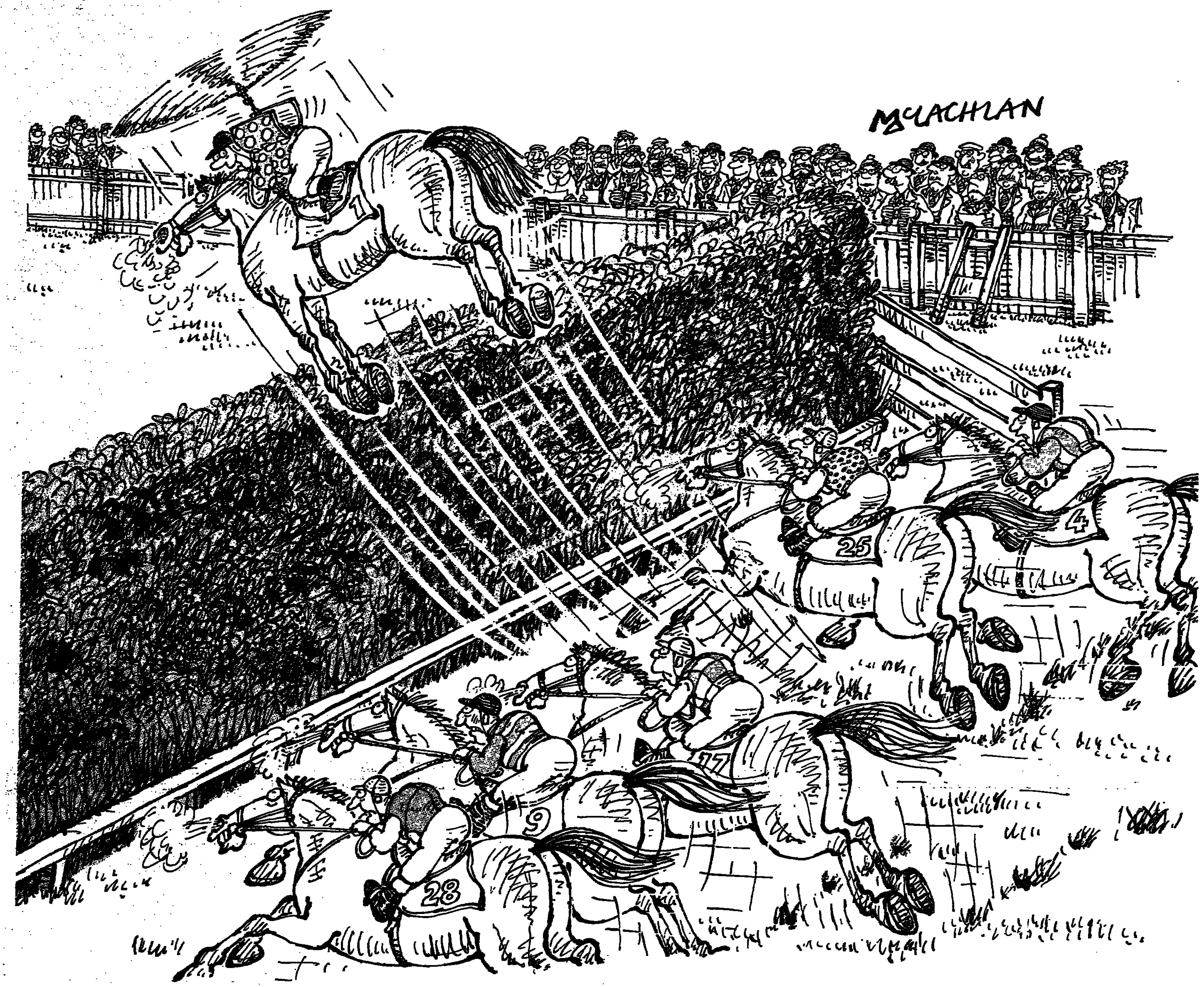
Boeing's main competitor for the deal was the France-based Airbus Industrie, the European company which was seeking to persuade Egyptair to buy its wide-bodied airliners.

● The International Finance Corporation (IFC), a division of the World Bank, has extended a $21m loan to Argentina to help finance a $102m polypropylene resin plant in Mendoza province.

Argentine investors, together with IFC, are to provide $40m in equity, while $30m will be provided in export credits

The plant will be fuelled by chemical feedstock produced by the nearby Lujan de Cuyo refinery, which will increase annual production of propylene feedstock from 22,000 to 55,000 tonnes.

Agencies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UK NEWS

Vauxhall and Bedford lose £53m before tax

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

SEVERELY DEPRESSED conditions in world commercial vehicle markets were mainly responsible for a sharply increased loss by General Motors' operations in Britain last year. The loss before tax jumped from £37.9m to £53.3m.

The Bedford commercial vehicle business contributed most of the deficit, recording a £52.24m loss for 1983 on sales worth £340.15m. But Mr J. T. Battenberg III, Bedford's general manager, said yesterday that he expected the division to be profitable within three years.

The Vauxhall car operations suffered a loss of £1.076m on a turnover of £1.09bn. Vauxhall paid tax of £428,000 (£788,000 in 1982). Mr John Fleming, chairman of Vauxhall, has indicated that the company should be profitable this year.

It is the first time that GM, the U.S. group which is the world's largest automotive company, has separated the Vauxhall and Bedford figures, so there are no comparative statistics for 1982. In that year the combined Vauxhall-Bedford business had sales of £1.06bn.

Bedford has now become part of GM's Overseas Commercial Vehicle Corporation, based at Pontiac, Michigan. Last year a 12.9 per cent rise in vehicle sales in Britain was offset by the decline in exports so that total sales of 53,286 units were only slightly above the already-depressed 53,024 for 1982.

In 1983, Bedford's total vehicle exports fell by 27 per cent to 12,138, compared with 1982, reflecting loss of volume notably in Europe and other key territories such as Nigeria.

Vauxhall's loss was blamed on a three-day strike in September which cost the output of 4,000 cars.

Lawson aims at zero inflation

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

INFLATION SHOULD be reduced to zero within the next 10 years, Mr Nigel Lawson, Chancellor of the Exchequer, said last night. He told a committee of MPs that this was not just an aspiration but a Government objective. The Treasury would frame its monetary policy with this in mind, he said.

Mr Lawson's statement was the most explicit he has made yet on his intentions in the battle against inflation, although his Green Paper (discussion document) on public spending issued with the budget made a general reference to stable prices.

He confirmed that the reduction on inflation would be gradual and stable prices would probably not be achieved within the next five years – although even this was possible.

Mr Lawson disappointed some right-wing members of the committee, however, by saying that the Government did not intend to aim for a balanced budget within the foreseeable future. This was not necessary for the strategy of getting towards zero inflation.

Mr Lawson said that future economic prospects for the non-oil economy might be rather better than the figures shown in his budget "red book" (the financial statement and budget report).

Power stations burn more oil as coal strikes take effect

BY OUR LABOUR STAFF

THE MINERS' strike against pit closures began to bite more deeply yesterday and the effects on industry increased. There was a sharp rise in picketing of power stations, with more than 26 affected.

The Central Electricity Generating Board said it had ample stocks of solid fuel and power supplies were not under threat. But it took the significant step of increasing the amount of oil burned at its power stations.

Mr Jack Collins, of the Kent area of the National Union of Mineworkers (NUM), called for "a total power stoppage," and spoke of picketing being spread to all 95 power stations in Britain.

Coal-fired power stations in the Thames estuary, which use both British and imported coal, were hit by sympathetic industrial action by seamen. Mr Jim Slater, leader of the National Union of Seamen, will today urge more union support for the miners.

At Hartlepool docks in north-east England, miners' pickets from Durham prevented the removal of 4,000 tonnes of imported Polish coal. The National Coal Board (NCB) said that the strikes had prevented the export of 140,000 tonnes of coal deliveries from Scotland to Scandinavia and Ireland.

Steelworkers at Port Talbot in South Wales, however, rejected a call from miners to prevent imported coal being unloaded there. Unions at British Steel's Ravenscraig strip mill in Scotland will ask the NUM today to allow through sufficient coal for production to continue, but their request is likely to be refused. The plant was picketed by miners yesterday.

Mr Arthur Scargill, president of the NUM, gave no sign yesterday of acceding to demands for a national ballot over strike action, despite support for this from about half of the union's executive committee.

Militant miners renewed their tactics of blocking major roads with slow-moving convoys of vehicles and there were more arrests. The national executive of the Labour Party claimed that the massive police presence in the coalfields had contributed to violence.

Up to 800 lorry drivers and other staff have been laid off in South Wales by transport companies mainly dependent upon moving coal. Another 200 drivers between North Yorkshire and the Scottish border have been made idle.

ICI shares fall after chairman's remarks

BY TONY JACKSON

COMMENTS by Mr John Harvey-Jones, chairman of ICI, on the outlook for the U.S. economy caused prices to fall yesterday in the UK equity market. ICI shares fell 8p to 612p, having lost 16p the day before.

At a meeting held by stockbrokers de Zoete & Bevan on Tuesday, Mr Harvey-Jones said he felt that the "point of inflection" in the U.S. economy might occur in mid-1984. Yesterday, this was taken by some investors to mean that he expected a second-half downturn.

ICI, one of Britain's largest industrial conglomerates, sought to rebut this view. "The chairman threw out a number of hypotheses about what might happen," said a company spokesman.

"One of these was that the U.S. economy might change gear in the second half of this year, to a slower rate of growth. But it is the view of our economists that the economy will show strong recovery over the year as a whole, of around 4 to 5 per cent. Mr Harvey-Jones also sees this as the most likely outcome."

Mr Harvey-Jones also expressed the view that if a slowdown in the U.S. economy was accompanied by a weakening in the dollar, the U.S. chemical majors might start exporting more to Europe. In this case, he thought, recovery in West Germany would not be enough to offset the pressures in European markets.

He emphasised, however, that this was his personal view, and was not shared by ICI's economists.

Mr Harvey-Jones said yesterday that he had not changed his view of the company's overall prospects since publication of the 1983 results a month ago. While he remained confident that profits for 1985 would be better than 1984, he was by no means sure that 1985 would see profits reaching £1bn.

In the City of London yesterday, analysts did not change their forecasts of about £860m for ICI this year. But they slightly reduced their expectations for 1985.

Strike cripples London

BY BRIAN GROOM, LABOUR STAFF

LONDONERS drove, cycled, walked and jogged to work in their thousands yesterday to beat a 24-hour bus and underground train strike which crippled the capital's transport system. They paid a price in traffic jams of miserable length, as the evening rush hour began in heavy rain at 3pm and stretched for more than three hours into the evening.

Strikers were protesting at Government plans to abolish the Greater London Council (GLC) and hand control of London Transport to a new regional board.

Motoring organisations reported "horrendous" traffic conditions as 400,000 cars, a third more than usual, jammed exit routes from London.

Central London will be disrupted again today when thousands of protestors march to Country Hall, the GLC headquarters, as part of the Trades Union Congress Democracy Day.

Minister pledges faith in manufacturing sector

BY IAN RODGER

MANUFACTURING would always be the basis of wealth creation in Britain, Mr John Butcher, the junior Industry Minister, said yesterday.

It was a rare statement of commitment to conventional manufacturing industries from a government which has often seemed preoccupied with high technology and service industries, and it was enthusiastically received by an audience of engineers and executives at the second day of the Financial Times conference on automated manufacturing.

Mr Butcher said only a small proportion of services were internationally tradeable, whereas 70 per cent of manufactured goods were internationally tradeable.

Mr Butcher reviewed a number of government programmes aimed at helping manufacturers improve the quality of their products and their efficiency. These include schemes to promote the use of robots, computer-aided design systems and high technology machine tools.

"The reason these programmes are there is that manufacturing matters and engineering matters," he said. "For the foreseeable future our national standard of living will depend on our success in assessing the world market for manufactured goods and meeting its demands for well-designed products of high quality delivered on time at attractive prices. Japan, the U.S., West Germany, France, Italy, Sweden and many others are already running hard in this race."

"The only way we can pull ourselves back into the manufacturing league is to apply our intellectual

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resources. If we in Europe cannot fight back then all our economies will suffer," he said.

The preferred route to automated manufacture was through islands of automation, Dr Peter J. Deasley, director of European Executive PA Technology, said.

The important thing was to "design your islands with future linking in mind.

"New companies have not the resources to automate the whole production process all at once; even if they did, there are still gaps in the overall state of the islands that technologists are trying to plug," he added.

Dr Philip Read, senior vice-president of Computervision Corporation, highlighted the capacity of CAD systems for promoting integration of design and manufacturing operations.

"The essence of CAD technology is the ability to create automatically a product data base consisting of design data, dimensions and key characteristics as well as connections," he said.

CAD systems could manipulate the data base quickly and then automatically produce many types of output – drawings, geometric descriptions, simulation of machining operations and data to drive machine tools.

Concorde operation passes over to BA in £9m cash deal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS (BA) is to pay the UK Government more than £9m to acquire outright the Government's entire holding of Concorde spare parts.

This cash deal is part of a complex overall agreement on Concorde support costs which has been reached after long negotiations. It means that from April 1 the UK Government's financial involvement in the Concorde programme effectively ends.

BA will be responsible for all the costs involved in flying its seven Concordes and buying any spares it needs when the present stocks are exhausted, from the manufacturers – British Aerospace on the airframe and Rolls-Royce on the engines.

Under the deal, BA will no longer have to pay the Government the bulk of the profits it earns from flying Concordes. Some time ago a profit-sharing agreement was reached under which the Government took 80 per cent of all Concorde profits, leaving BA only 20 per cent.

That arrangement was made to ensure that the Government got at least some money back from its heavy investment in the Concorde programme and for practically giving BA its fleet of seven Concordes free of charge.

In recent years, however, Concorde has become increasingly profitable to fly. In the financial year 1983-84 which ends on March 31, profits on Concorde operations, both scheduled services and charter flights, are expected to be in excess of £12m. Because the new arrangements now agreed do not take effect until April 1, the bulk of the past year's Concorde profits or more than £9m will still have to be paid over to the Government under the original arrangements.

One of the airline's seven Concordes is at present grounded at Heathrow Airport, London, where it is being broken up for spare parts. It is expected, however, that this aircraft will be brought back to flying standard and returned to service to meet the growing demand for Concorde flights.

The French Government, which has been an equal partner in the Concorde programme, is not involved in the agreement and will continue to finance the production of spares and support costs for its own airline, Air France.

Shell has £1.9bn profit

BY DOMINIC LAWSON

SHELL UK yesterday announced operating profits for 1983 of £1.924bn, a 54 per cent increase over 1982's outcome of £1.25bn. After tax and interest, the company returned profits of £334m, an improvement of 40 per cent over the comparable 1982 figure.

The chief reason for the profits rise was a 24 per cent increase in North Sea crude oil production to 332,000 barrels a day, equivalent to 22 per cent of total UK oil consumption.

Dr John Jennings, managing director of Shell UK's exploration and production, said yesterday that he expected 1984 production to rise to 350,000 b/d.

Shell UK for the first time had to provide for corporation tax, amounting to £532m, on its North Sea profits. That sum is likely to be reduced by £10m–£15m, as a result of the budget changes this month in corporation tax.

Dr Jennings said that Shell's North Sea capital expenditure this year was likely to be about £500m, and that the company would spend about £3.5bn over the next six years.

He announced that Shell had identified three oil discoveries, from which the company planned to bring oil onshore by 1990.

These were the Tern, Eider and Kittiwake fields, with combined recoverable reserves thought to be in the range of 300m–340m barrels.

It is also believed that Shell will win approval from the Department of Energy next week for the development of a gas field called Sean.

In contrast to its buoyant upstream operations, Shell's oil refining and retailing business produced profits of £28m compared with £40m in 1982.

Mr John Raisman, Shell UK's chairman, pointed out that these results would have been £30m better, had it not been for the seven-week strike at its Stanlow oil refinery in Cheshire last year.

Harrisburg mayor will give Sizewell evidence

FINANCIAL TIMES REPORTER

THE MAYOR of Harrisburg, in the U.S., Mr Stephen Read, has agreed to give evidence at an inquiry being held into plans to build a pressurised water reactor at Sizewell, on the east coast of England.

He will give evidence about the power station accident at Three Mile Island, five years ago. The proposed reactor at Sizewell is of the same type as that involved at Three Mile Island.

Mr Read accepted the invitation of local councils at Sizewell to travel to England to give evidence.

Environment groups plan to hold a demonstration in London today to mark the fifth anniversary of the Three Mile Island incident, which led to major fears in the U.S. about the release of radioactivity.

The Sizewell inquiry has been sitting for 15 months and could be the longest British public hearing on record.

Machete maker a cut above the rest

By William Dawkins

A COMPANY which makes machetes is one of Britain's top privately-owned exporters, according to a report published today on the UK's 2000 biggest unlisted companies.

Ralph Martindale, based in Birmingham, exports 99.75 per cent of its sales for agricultural use in the Third World. The report says this is a higher proportion of turnover than any other private company in the survey. The business, which had sales of £6.6m in 1982, was founded in the early 18th century by a French Huguenot family.

The survey is the eighth in an annual series by Jordan & Sons of London, the largest company formation agent in the UK. It provides a financial compendium of private companies – including those quoted on the unlisted securities market (USM) – for the three years to the middle of last month.

The range extends from the London conglomerate Czarnikow Group, with a £2.2bn turnover, to Young & Marten, a Stratford building materials distributor, with annual sales of £3.6m.

The report shows, that the largest privately owned exporter is the Wellcome Foundation pharmaceuticals group, which in its last financial year exported £123.4m, or 21 per cent, of sales.

Second in the big-exporters' league is A. H. Philpot, an Essex-based farming products group, which sold £168.2m of goods overseas in 1982.

Other corporate information is a list of high wage-payers. That is headed by Exploration & Production Services, which provides well testing services and production crews for the oil industry and pays its employees an average of £18,814 annually.

Jebsens which is quoted on the USM, also has the highest pre-tax profit margins, 33 per cent of sales and scored the greatest increase in earnings in the top 2,000.

Another four USM companies appear among the 20 businesses with the highest profit margins: Baltic Leasing, Asprey, Fitch design consultants and Johnstones Paints.

The fastest growing companies in the survey include Hillsdown Holdings, the acquisitive food, office equipment and furniture group, which has boosted its sales from £77.9m in 1980 to £410.8m in 1982 – a performance which few public companies have been able to emulate.

Britain's Top Private Companies, £55, Jordan & Sons Ltd, Jordan House, Brunswick Place, London N1 6EE.

New accounting rules expected next year

By Alison Hogan

PUBLIC limited companies with their financial year beginning on or after January 1 1985 will probably have to comply with a new adjusted form of current cost accounting. This follows an agreement of the Accounting Standards Committee yesterday on a new formula to replace the standard SSAP 16.

After months of debate, the ASC approved a statement of intent on a new standard which will apply to all companies whose shares or debentures can be offered for sale to the public (plc). It will not apply to small companies, nationalised industries or value-based companies such as unit trusts or insurance companies.

Dissatisfaction with the current standard SSAP 16 has reached such a level that around half of all public companies are now ignoring it. The ASC hopes to command a far higher level of compliance with the new standard. It will be held essential to a true and fair view, which means non-compliance would result in auditors qualifying the accounts.

The statement of intent will suggest that the new standard requires current cost information in a note to the accounts, giving adjustments to the historic cost profit for depreciation, stocks, monetary working capital and gearing.

It offers three options on the gearing adjustment, based either on a proportion of CCA adjustments as in SSAP 16, or a proportion of all valuation gains, or as a retail price adjustment to interest charges.

The ASC also proposes that the CCA value of fixed assets and stocks be disclosed.

The full draft standard will be published later in the spring.

● Price Waterhouse, the international firm of chartered accountants, has reached a co-operation agreement with Treuarbeit AG, one of West Germany's largest firms of accountants, to exchange technical expertise in areas of tax audit and management consultancy.

The link, which does not affect the capital structure or ownership of the firms, will strengthen PW's presence in Germany.

Industry challenged over EEC trade

BY CHRISTIAN TYLER, WORLD TRADE EDITOR

THE ABILITY of British managers to recover lost market share in export of manufactures to the European continent was questioned by MPs on a House of Commons trade and industry committee yesterday.

The committee is examining the reasons for Britain's big trade deficit with the EEC in manufactures and the prospects for recovery when North Sea oil exports dry up.

Sir Peter Emery (Conservative) asked a witness from the Confederation of British Industry (CBI), the employers' organisation, whether industry was being "beautifully featherbedded" by North Sea oil and could meet the challenge of its disappearance. Mr Robert Maxwell-Hyslop (Conservative) wanted to know whether the British salesmen's "linguistic incompetence" was due to lack of training by industry or a failure to recruit the right people.

Mr Ken Edwards, the CBI's deputy director-general, said industry had suffered from high unit labour costs, low profitability and other institutional factors. The CBI had long argued that a shift in the balance of negotiating power away from the trade unions was needed to restore the balance of competitiveness.

The language problem was a result of a weakness in the educational system, said Mr David Royce, director-general of the Institute of Export.

From the Labour opposition, Mr Stan Crowther challenged the labour cost argument. Since British wage rates were among the lowest in the EEC, it was inefficient use of labour and lack of investment in plant and machinery that was to blame, he said.

Mr Edwards agreed that wage rates were not the whole answer. Managements knew what to do but had been hampered by severe cash flow constraints.

Mr Teddy Taylor (Conservative), an opponent of the EEC, challenged the CBI to say whether its original enthusiasm for Britain's EEC membership had been justified in the light of events.

He was told that the CBI believed the competitiveness problem could be solved and it would be "absolutely disastrous" for Britain to give up its free access to the big market on its doorstep.

The committee was told that public and political awareness of the need for export promotion was still inadequate.

TECHNOLOGY

EDITED BY ALAN CANE

SOUTH EAST ASIA MARKET FOR NEW LIFTS SHOWS RAPID GROWTH

Elevators give Japan's industry a lift

BY ROY GARNER IN TOKYO

IF YOU travel to the Ikebukuro area of Tokyo you can not only enjoy viewing the tallest building in Asia, the "Sunshine 60", but also take a ride in its "world's fastest" lift.

This super-lift will whisk you from basement level up to the 60th floor at a maximum speed of 32.8 feet per second in a travelling time of 35 seconds, courtesy of Japan's biggest elevator maker, Mitsubishi Electric Corporation.

The experience is however *distinctly unexciting, as the ride* is so smooth and quiet that the only sensation of speed comes from a popping in the ears.

The speed and smoothness of a lift ride are two important features of modern elevator design. But in the almost saturated, and fiercely competitive, Japanese market, the thrust of technological rivalry is now centred on improvements in power-saving and general compactness.

These factors are also vital for success in the biggest growth market, South East Asia, where market expansion is currently as high as 40 per cent annually (notably in Singapore and Malaysia).

Economic operation and compactness will be the vital requirements in new lift markets which are emerging in Japan centring on "home elevators" in buildings of only two or three stories (especially for Japan's ageing population), and in new and fashionable city centre apartment blocks. These are now growing in popularity among *younger generations* who have given up the dream of owning detached houses in inevitably distant locations.

Space-saving is being achieved through the use of sophisticated computer controls which allow the installation of fewer lift shafts, in large buildings, by a better matching of lift availability with the passenger demand at different floors.

The use of hydraulic lifts, which do not require space-consuming overhead equipment rooms is also a growth area. A major advance in energy saving, often by as much as 30 per cent, is now possible through the latest development in electric current control, the AC variable voltage, variable frequency (VVVF) system.

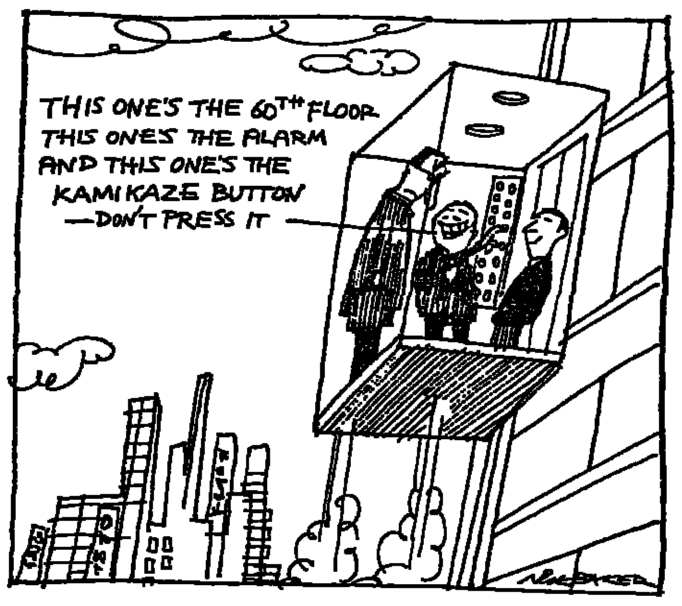
> Earthquakes being a constant threat in Japan, improved safety is a high priority.

Elevators have for a long time come in two basic types, featuring either AC geared or DC gearless drive controls; the former being normally applied for low speed (40 to 105 meters *per minute) lifts* and the latter for high speed (120 metres per minute or above) units.

The conventional geared-type needs a gear to control the lift speed, especially at low speeds, because of the difficulty in stably controlling motor rotation. Disadvantages include high vibration and noise levels.

DC motors give easy controlability at *high* speeds, but consume high levels of power.

In October last year, Toshiba was the first company to announce the development of an AC gearless high-speed elevator. The equipment features the VVVF inverter, which simultaneously controls with great accuracy the voltage and frequency of the AC motor, thus enabling a 30 per cent lower power supply capacity, and giving an overall 10 per cent saving in power consumption.



The company says it is possible for a 105 metres per minute elevator, with a capacity of 15 people, to consume only 17 to 18 kw hours per day of electricity, if equipped with VVVF control, against 34 to 35 kw hours per day for a conventional system.

Mitsubishi Electrical and Hitachi also plan to introduce AC gearless VVVF units within this year. Mitsubishi has also already introduced the VVVF technology into low speed AC geared equipment.

At present, lift demand in Japan is around 120,000 units per year. This breaks down into approximately 300 high rise units (of 30 stories and above), 10,000 medium to low rise (50 per cent of which are residential) and 1500 to 1700 hydraulic units.

For a comparison of value, Toshiba estimates that 8-storey units constitute 37-38 per cent of shipments and, by value, equal 20 per cent of the market, while 30-storey lifts equal just 5 per cent of shipments but constitute 30 per cent in value terms.

The fastest growing domestic market is in hydraulic lifts, increasing by over 10 per cent per year, and industry sources suggest they could eventually account for 25 per cent to 30 per cent of shipments.

Hydraulic units employ a *cylinder and plunger mechanism* at ground level, and are most cost-effective at speeds of 60 metres per minute and in buildings of about six stories (and no higher than eight stories). The biggest demand comes in residential areas where building height is especially crucial because of "sunshine laws" which provide for compensation to the owners of adjacent properties deprived of sunlight by new structures.

Hydraulic lifts have no overhead equipment, which allows a reduction of shaft height, and usually occupy a smaller portion of land: the most expensive of commodities in Japan.

A major market trend is a growth in the number of home owners who want, and can afford, lifts. Hydraulic units will lead the way in bringing "luxury" lifts into homes of only two or three storeys. Other luxury equipment could include inclined elevators, wheelchair lifts and hatchway lifts.

Electronic valves for hydraulic units were introduced in 1981, and the next technological shift will come very soon with a move from a relay-type controller to a 100 per cent computer-controlled solid-state controller. Further in the future will come a "digital valve."

Advanced control software is most important in the larger buildings. Mitsubishi introduced its "optimum service" series 12 years ago, which accepts an inflow of traffic information and can adjust lift movements to changes in traffic flow.

In 1980 a "learning capability" was introduced which uses a computer to evaluate flow information from the time of initial installation onwards, and automatically measures this data against operating criteria to provide the optimum service.

Equal waiting time for all *building users* is the usual aim of such controls. Toshiba believes it has a lead in this area with its new "Waiting time distribution control system," which equalises service by the use of ultrasound and light beam sensors, and TV cameras, hooked up to a picture processing image analyser, all of which are co-ordinated by a central computer.

Earthquakes being a constant threat in Japan, improved safety is an especially high priority for makers. Japanese laws are strict on the installation of such features as earthquake sensors which automatically stop the elevator during a tremor, and inverters are increasingly being applied which will automatically move the lift to the nearest floor, and open the doors, during times of power failure.

> The thrust of technological rivalry is in power saving and *compactness.*

In the case of very high buildings, computer-assisted simulations of the behaviour of the whole structure during an earthquake allow for construction of the most secure counterweight and guidance rail systems.

Otis Elevator Company of the U.S., the world's number one maker, which has had a subsidiary in Japan since 1932, introduced a regenerative AC varible frequency battery drive system three years ago which is ideal for emergency use. This is expected to be in Japan soon.

Information services for the lift user will also improve safety in new systems, using video displays showing such things as details of emergency exit locations.

Toshiba has already installed over 300 units featuring speech synthesis-chip voice messaging, which also offers possibilities for an improved emergency information service.

Further reductions in lift equipment weight are being provided by the introduction of new lightweight materials and by the replacement of electrical wiring by optical fibre. Toshiba expects to see a total switch to optic fibre within three years in the case of very high buildings.

Export markets, especially in S.E. Asia but also in the Middle East, are currently a very important growth area. Toshiba says its exports have grown to 25 per cent at present from 15 per cent during the past five years, and over 30 per cent exports is anticipated in the near future.

Nippon Otis exports stand at more than 40 per cent, and Mitsubishi 30-35 per cent. Hitachi is the exception, claiming the export market has not been good for the past two or three years and maintaining that the export picture is still "rather weak."

In the Japanese market Mitsubishi holds the lead with approximately 40 per cent, Hitachi has close to 35 per cent, and Toshiba 20 per cent. Nippon Otis claims around 13 per cent and predicts a growth to 15 per cent during 1984.

Domestic demand is in the region of 12,000 units per year, with a value of approximately Y135bn. This compares to a global demand of over 100,000 units, with a value in excess of Y1 trillion (million million).

Increasing affluence in Japan is expected gradually to bring a stimulation of the domestic market, with the accent resting on three-storey installations, *with hydraulic equipment* (a development officially encouraged by the Ministry of International Trade and Industry-MITI).

In 10 years time installations in the already ubiquitous, low budget, five storey residential blocks will come to the fore. During this period an overall market growth rate of 4 to 5 per cent appears likely.

Drawings

Computers in construction

A COMPANY in Birmingham headed by ex-builder Rod Banting is trying to introduce computers to the construction industry.

The first product of Techsonix (UK), which is on Aston University's Science Park, is a £9,000 electronic system that transfers information from architects' drawings into a computer. A worker, such as a quantity surveyor, passes over the drawing a special pen that emits a barely audible "click" at the press of a button. Microphones around the drawing board pick up the "click" and compute the point on the drawing where the pen is.

This information is passed to a computer which processes it in a specific way depending on the software in the machine. For example, the computer could work out the areas of parts of a building from co-ordinates of points on the drawing. Or with another set of programs, the system could even work out costings for specific components of a binding.

The system was devised by an American company, Tetronix International, which despite its name is entirely separate from the Birmingham organisation. Mr Banting had to develop software to make the equipment suitable for the UK building industry. The hardware comes complete but for the fact that the customer has to supply his own computer.

GRAPHICS DESIGN

Electronic drawing board for artwork

DICOMED OF Minneapolis has developed an "electronic drawing board" that allows all kinds of colour artwork to be produced "on screen."

It could prove a boon to corporate graphics departments in large companies, advertising agencies and commercial art studios with throughputs of colour slides (or other film/paper outputs) of more than 5,000 a year.

Dicomed now has sales offices in London, Frankfurt and Montreal. Sales in 1983 were $20m.

The equipment is called "Imaginator" and costs from £141,000. It consists of a fully adjustable 19-inch diagonal colour screen, a working drawing board with a "mouse," the movement of which (by the artist) is reproduced on the colour tube, and a pull-out keyboard used to enter text and numerals, which also appear on the screen.

Any image constructed on the tube face can have up to 124 colours in it, chosen by using a mixing palette before drawing work starts. The chosen colours appear in a band along the bottom of the screen, to be selected for use as needed by a movable electronic pointer.

Drawing functions are selected by moving the screen cursor to a menu row of icons (visual function representations) along the bottom of the screen and depressing a select button. Having chosen a function, variations within it are displayed in a new menu, selection from which might reveal a third row of icons.

The "mouse" can be used to draw virtually anything on the screen in conjunction with these layered menus; frequently only a few points need be entered and the computer will do the rest. Images can be rotated, windowed, zoomed and there is a "rubberbanding" facility that allows apex angles or curves to be modified with one action.

Areas are filled with colour simply by placing the cursor in them, choosing the colour from the palette and pressing a button. Colour blending and air-brush effects can also be produced.

Text can be placed on the screen in any of 20 type faces, and there are 130 characters per fount, including foreign language accents and characters. All type can be slanted, scaled, rotated, coloured and duplicated to allow creativity.

Word processing software is applied to the text creation task, and there is further special software that speeds up the production of business charts. The user just selects the chart format, enters the numeric data and the chart is drawn on the screen immediately.

As each picture is completed it is held on floppy disc (over 100 average images per disc) and can be extracted in a few seconds.

Colour transparencies are made by placing the disc in a Dicomed image recorder either on the premises or at an authorised service bureau. Phone line transmission of the data is also possible. There are four bureau at the moment in the UK, and five more are to be opened.

With an option called Flexscan, existing flat, monochrome artwork can be automatically digitised into Imaginator's memory in a few minutes, and can then be enhanced or modified. More in the UK on 0990 27312.

GEOFFREY CHARLISH

JOBS COLUMN

Latest indicators of executive pay levels

BY MICHAEL DIXON

LIKE "THE merry cuckoo" to the poet Spenser, the accompanying table is the Jobs Column's messenger of spring.

Compiled from the early-year salary survey made by the Reward organisation, it has appeared in this corner of the FT at around England's vernal equinox for more years than I care to recall. (A counterpart table drawn from the mid-year survey by the same organisation also appears around the autumnal equinox but, with the daffodils flowering, I'd rather not think of that now.)

The figures given here are but a small extract from the full survey based on 14,411 items of pay information provided by more than 600 companies, big and small, covering a wide range of industries in Britain. Readers wanting to know more should contact Bill Couldrey of Reward at 1 Mill Street, Stone, Staffordshire ST15 8BA; telephone 0785 814554.

My list contains 14 different executive specialisms, besides the "all top-rank managers" line at the bottom. In each case the figures refer to the rewards of the executive ranked immediately below director in the particular specialism, although in small companies he or she may be on the board while doing the same sort of work.

The left-hand two columns of money figures give first the basic salary and then the total rewards received in cash of the lower quartile manager who would come a quarter way up from the bottom in a ranking by pay of all doing similar work at the same rank. The total rewards include all pay in money such as bonuses, but not refunds of expenses nor estimates of the annual value of perks like company cars.

The next set of four columns refer to the median executives who would come half way up the pay ranking in each instance. Of the four columns, the first two give basic salaries and total rewards as revealed by this year's survey, and the second pair in brackets give the corresponding amounts shown by the survey 12 months previously.

Then come this year's basic salaries and total rewards for the upper quartile executives ranked a quarter way down the pay league. Finally we have the percentage of the executives in each category who enjoy a company car among their benefits.

Please, before drawing any conclusions on the basis of the table, would readers bear in mind that no salary survey can provide better than a rough sketch of the real state of pay.

To compensate for the time lag between collecting and publishing the data, Reward recommends that all salary figures should be increased by 1.5 per cent.

Compared with the overall median basic salary of £15,000, the medians for each of the different regions varied as follows: Greater London Council area higher by 15.3 per cent, and Scotland including the Aberdeen area by 8.4 per cent.

The median for south-east England apart from the GLC area was identical with the overall £15,000 figure. All the other regions were lower: East Anglia by 3.3 per cent, north-east England by 5.0, the north-west by 7.5, the south-west by 10.0, and West Midlands by 11.4 per cent.

Most senior manager below rank of director* in:	Lower quartile Basic salary £	Lower quartile Total money reward £	Median Basic salary £	Median Total money reward £	Median (Basic summer 1982 £	Median Total summer 1982) £	Upper quartile Basic salary £	Upper quartile Total money reward £	Upper quartile With compy. car %
Finance and accounting	14,499	14,584	16,880	17,250	(14,873	15,125)	20,413	21,000	75.0
Marketing	13,263	13,344	15,750	16,000	(13,890	13,890)	18,415	18,637	87.9
Scientific department	13,103	13,402	15,732	15,732	(16,600	16,600)	18,729	19,134	52.6
Company secretarial	13,146	13,454	15,470	16,425	(14,898	15,000)	19,248	20,000	81.9
Computing	12,997	13,000	15,030	15,377	(14,261	14,500)	17,695	18,017	68.8
Research and development	12,377	12,627	14,910	15,000	(13,438	13,809)	18,835	19,000	68.5
Sales	12,750	13,018	14,680	15,500	(13,500	14,040)	17,660	18,477	88.1
Engineering	13,000	13,324	14,575	14,841	(13,481	13,745)	17,519	17,988	72.3
Personnel	11,738	11,837	14,364	14,809	(13,833	14,200)	17,719	18,325	73.4
Purchasing	12,591	12,818	14,100	15,030	(15,372	15,372)	16,369	16,369	70.0
Administration	11,625	11,780	13,923	14,105	(12,468	12,600)	17,625	18,053	64.4
Production	12,078	12,236	13,760	14,000	(12,980	13,208)	16,002	16,544	78.8
Quality assurance	11,238	11,328	13,161	13,161	(9,990	10,075)	15,725	15,725	33.3
Distribution	10,800	10,954	12,100	12,208	(11,076	11,300)	14,988	15,099	73.3
All top-rank managers	12,662	—	15,000	—	(13,867	—)	18,000	—	71.7

*In smaller companies could rank as director, otherwise reporting directly to Board-level.

Variations by company turnover on the same basis were: Higher—£100m-plus by 13.5 per cent, £40m-£100m by 12.7, and £15m-£40m by 2.9; lower—£5m-£15m by 5.0, and up to £5m by 10.0 per cent. The variations by numbers employed were: Higher—4,001 and more by 14.7 per cent, 1,001 to 4,000 by 8.8, and 501 to 1,000 by 4.0; lower—201 to 500 by 6.0, and up to 200 by only 3.3 per cent.

Sales leader

RECRUITER Vivian Lawrence of Guy Redmayne and Partners seeks a London-based sales and marketing director for the financial services division of the Hoskyns Group, part of the U.S. Martin Marietta Corporation.

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ROY WEBB of Jonathan Wren International (170 Bishopsgate, London EC2M 4LX; Tel 01-623 1266, Telex 8954673) seeks a personnel chief with international big-company know-how including tax-effective pay strategies for Arab bank in the "Lower Gulf."

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The senior management function reporting to the General Manager. Responsibilities include all financial and accounting functions including negotiations with banks at senior level, administration of project accounts and the negotiation and administration of sub-contracts. Considerable experience at this level is essential and the likely age range is 40-50. Married status. Remuneration will be SR13-15000 per month – see below for benefits package. Ref: 6694

Project Accountant – Dhahran

Reporting to the senior Finance Manager will be responsible for all site accounts, sub-contractors progress payments, payroll, petty cash etc. Previous experience of site accounting work in the Middle East is required. Age range 30-50. Married or single status. Remuneration will be SR8-10000 per month plus benefits below. Ref: 6695

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Welsh Border Location

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The position responsibilities will include business development, formulation and management of effective finanacial policies and budgets, advice on *the management of* financial resources, administration of the company and generally the provision of overall commercial direction.

Candidates should preferably be qualified accountants and possess well developed business acumen. A successful record in general or commercial management will be necessary, preferably with an electronics industry background. Relocation costs will be met by the Company as appropriate.

Please write in confidence with comprehensive personal and career details to Digby A. Dyke, Managing Director (Recruitment Consultant) at the address below, or telephone him initially on Worcester (0905) 611512 office hours or Malvern (06845) 2218 evenings and weekends.

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Applications are invited for the Chair of Organisation of Industry and Commerce, in the Department of Business Studies, with effect from 1st October 1984, or as soon as possible thereafter. The Department is multidisciplinary, but it would be an advantage if the person appointed had a background in one of the following fields: organisational behaviour, marketing, corporate finance and managerial economics.

Further particulars of the post may be obtained from the Secretary to the University, Old College, South Bridge, Edinburgh EH8 9YL, with whom applications (10 copies, overseas candidates 1 copy), including the names of three referees, should be lodged not later than 4th May 1984. Please quote reference No. 16/83.

APPOINTMENTS WANTED

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Male, 29. HNC Business Studies, experienced in all areas including Documentary Credits. Presently assistant manager of well established international merchant bank, seeks position in business development, in banking or commerce. *Write Box A8548, Financial Times, 10 Cannon Street London EC4P 4BY.*

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Ideally aged 24-37, applicants must be graduates with not less than three years' previous relevant experience obtained with a stockbroker or an investment institution. They must also be highly numerate with good inter-personal skills and should have a sound knowledge of economics and accountancy.

In addition to an attractive basic salary there are subsidised restaurant facilities, 23 days' annual and 9 public holidays, relocation expenses where appropriate and, after a qualifying period, a non-contributory pension and BUPA membership.

Applicants should write or telephone for an application form to Mr. N. D. Macnair, Investment Manager, The DCL & Associated Companies Pension Scheme, 12 Torphichen Street, Edinburgh EH3 8YT. Telephone No: 031-229 2468.

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From 1 July this year, as part of our regional expansion policy, a new consultancy base will be established in the Northern area to service clients of Ernst & Whinney's offices in Hull, Leeds, Manchester, Newcastle-upon-Tyne and Sheffield.

We require additional professional staff who have the desire and ability to develop their own and new skills across a wider spectrum of business. Qualified accountants will form an important part of this team. We are particularly interested in people currently in the Leeds and Manchester areas.

You should have a university degree, a good professional examination record and at least three years post-qualifying experience in sizeable industrial or commercial concerns or in another consultancy. The preferred age range is 28-35. In return we offer an attractive remuneration package, the challenge of being part of a new, developing team and the opportunity to gain the breadth of experience which a major international firm can give.

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Remuneration includes a salary not less than £25,000 p.a. with an additional bonus for achievement, a company car and normal senior executive benefits.

Please write or telephone in the first instance to:

**Martin Gwinner, Consultant to the Company,
Marlar International, 14 Grosvenor Place,
London SW1X 7HH. Tel: 01-235 9614**

International Economist

Our client, a leading firm of City stockbrokers, requires an additional international economist to supplement its existing economics team.

The ideal candidate would be well qualified with several years of experience covering the major economies. He/she should be fully numerate, literate and articulate and used to working to tight deadlines. Knowledge of a foreign language would be advantageous.

Please write in confidence with full details to: Rupert White

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All positions advertised by David Sheppard & Partners Ltd. Executive Search Consultants are open to both men and women.

Finance & Administration

c. £21,000 + Car — North London

To support our continuing successful growth, the Company now needs to enhance its financial management. An experienced and capable manager is therefore sought, who will report to the Finance Director (who is also the Company Secretary.)

The successful candidate will be expected to:

- provide efficient financial, secretarial and administrative services
- maintain and enhance effective systems of management accounting and financial controls
- take an appropriate place in the management team and contribute to policy objectives and strategies
- to deputise for the Company Secretary and to manage the accounts and administration departments.

Candidates should be Chartered Accountants and offer sound financial, administrative and secretarial experience. The expected age will be mid-thirties.

The salary quoted will be supplemented by an attractive package of benefits, to include company car, non-contributory pension, BUPA benefits, relocation and house purchase assistance.
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Reporting to the Manager, General Affairs and Administration, you will undertake a wide range of duties, including the development of personnel policy and procedures, recruitment, general office management, equipment selection and purchasing, certain legal affairs, etc.

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Thus, you must have several years' supervisory experience in general office administration and personnel duties and be reasonably conversant with modern office equipment/automation and business legislation. Positive, enthusiastic and team-orientated, you will ideally be in your mid-thirties and have previously worked in a banking environment.

A salary c£13,500 is envisaged, plus Bonus and normal banking benefits. If you believe you match our requirements, please ring or preferably write to me, Richard J. Sowerby, Senior Consultant, at Cripps, Sears & Associates Ltd., (Personnel Consultants), 88/89 High Holborn, London WC1V 6LH. Tel. 01-404 5701 (24 hours).

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Applicants should hold a relevant professional qualification and preference will be given to those with industrial or direct investment experience.

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Please write with full details. These will be forwarded direct to our client. List separately any companies to whom your application should not be sent. M. Hordern ref. B.1598.

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INTERNATIONAL FINANCIAL LAWYER

Bahrain

Our client, a major Arab international bank, wishes to strengthen its Legal Affairs Department by the appointment of an additional Counsel.

Candidates should ideally be aged 30-35, be a qualified barrister or solicitor and be able to demonstrate a minimum three years in a major law firm or with a respected international financial institution. It is important that candidates possess a sound knowledge of corporate, tax, anti-trust and securities law, together with international banking.

Prime responsibilities will be to provide the bank with its own in-house legal function including reviewing, advising on and preparation of contracts, loan agreements, facility letters etc; research, advice and assistance on banking and corporate tax and international financial law. Preference will be given to candidates with fluent Arabic.

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Closing date for applications 26th April, 1984.

Papua New Guinea

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PROFESSIONAL PRODUCTS DIVISION

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REPORTS TO:
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THE CANDIDATE:
- Pharmacist degree or similar specialization.
- Proven experience in the pharmaceutical industry relative to Marketing/Brand Management and Sales functions.
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Interested applicants should contact **David Nicholson ACA** on **01 831 0431** at Michael Page International, Sicilian House, Sicilian Avenue, London WC1A 2QH, quoting reference: DM 639/FT.

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Hong Kong Government

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MINING ANALYST

BT Australia Limited, one of Australia's leading merchant banks and manager of A$1.7 billion in pension funds, is seeking an

EXPERIENCED MINING ANALYST

to join its performance-orientated investment management team.

A prime requisite is a mining qualification with experience in the securities industry desirable but not necessary. The appointee will participate in the department's in-depth investment research effort and also assume portfolio management responsibilities.

It is envisaged that the appointee will be in the 25-35 years age group, although outstanding applicants outside this range will be considered. A very attractive remuneration package is negotiable and includes an incentive bonus scheme.

Applications will be treated in the strictest confidence and should be addressed to:

The Investment Director, BT Australia Limited
Level 40, Australia Square, Sydney, N.S.W. 2000, Australia

GENERAL MANAGER
BANKING - CAYMAN ISLANDS

A newly established Cayman Island Bank requires an experienced Merchant Banker as General Manager. Applicants should have all round experience of investments, Eurobonds and Corporate Finance. Preferred age 35-45. An excellent remuneration package together with first class accommodation is offered.

Please reply in confidence enclosing a detailed C.V. to:
Box A8539, Financial Times
10 Cannon Street, London EC4P 4BY

INTERNATIONAL APPOINTMENTS APPEAR EVERY THURSDAY
Rate £34.50 Per Single Column Centimetre

Accountancy Appointments

Management Consultancy
(Partner Designate)

Cardiff **£25,000 + car**

Our client is the Management Consultancy Division of one of the "Big 8" firms of Chartered Accountants. They currently seek to expand their Cardiff operations by recruiting a front line Manager.

Initially, the appointee will act in the capacity of Senior Consultant, undertaking a variety of development assignments. Responsible for a small existing team, the successful applicant will be expected to build and lead the expansion and development of this major growth market. It is consequently envisaged that Partnership status will be achieved within a short period.

Candidates will be Qualified Accountants, preferably graduates, aged 30–35 with considerable senior management exposure in an industrial environment. Total commitment, acute commercial acumen, excellent man-management skills and the determination to succeed are pre-requisites for this challenging role. Essential qualities will include a lively outgoing personality, assertiveness, high energy level and strong intellectual abilities.

Financial rewards are limited only by the ability and expertise of the individual. An attractive remuneration package is offered including a company car, and relocation assistance is available.

Interested applicants should write to John Cockerill, B.Sc., FCA, Executive Division, quoting ref. 106 enclosing a comprehensive curriculum vitae, at PO Box 143, 31 Southampton Row, London WC1B 5HY.

MP
Michael Page Partnership
International Recruitment Consultants
London New York
Birmingham Manchester Leeds Glasgow

Financial Controller (Director Designate)

US Leasing

Central London

to £25,000

As a subsidiary of a major US multi-national financial and personal services group, the company was formed as a result of a diversification programme some four years ago. Though lean in headcount, success has been considerable. Continuing new business and an exciting product development with enormous potential will increase activity and profitability considerably over the next year, and beyond.

Promotion of the Financial Director has created an urgent need for an experienced, qualified accountant to take over the senior financial position. The role takes full responsibility for tight accounting and administrative controls and the continuing development of responsive computer systems, particularly to cope with the anticipated new business area. The main thrust, however, comes in the active participation in commercial decision making, as part of the management team.

This is a stimulating and demanding role within a high growth, high profile organisation.

Candidates will be qualified accountants, preferably with a numerate degree. Clearly demonstrable evidence of success in the small sophisticated fast-moving service environment is essential. Strong personal presence coupled with intellectual agility and proven commercial skills are demanded to meet the company's exacting management profile. Previous exposure to the complex ramifications of lease financing will be seen as a distinct advantage. Preferred age: 30s.

Please reply in confidence giving concise career and personal details and quoting Ref: ER 681/FT to I D Tomisson, Executive Selection.

Arthur Young McClelland Moores & Co., Management Consultants, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.

Arthur Young McClelland Moores & Co.
A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Financial Controller

Over 28 **Package negotiable to £20,000**

Immediate responsibility is to be for all aspects of finance and administration in a small, but entrepreneurial, computer consultancy and training company with a head office in Central London. The company has established a remarkable reputation in a relatively short time, and has achieved high market acceptance of its professional services. This is a new appointment. Turnover and profits are rising in UK and overseas. Group revenue will be over £3m. in the current year.

The new man or woman is expected to give wise and realistic advice to a dynamic Board of Directors. One of the first assignments will be to select and install a financial management information system to assist with forward financial planning, budgetary control and judging risks.

This is a demanding appointment for an experienced young qualified accountant aged around 30 who seeks success in a company with the potential to expand. Those with all round ability will expect early promotion. The initial remuneration package is flexible and includes a car and, after a qualifying period, a bonus and share scheme.

Please write in confidence, or telephone quickly for an application form on 01-439 4509, to R.N. Orr quoting client reference M1251.

Roland Orr
Management Consultants
35 Piccadilly, London W1V 9PB Telephone 01-734 7282

Line Accountants

seeking intellectual challenge & technical development

London & Birmingham *£15-25,000+car*

Management consultancy with Deloitte Haskins & Sells offers you:

- intellectual challenge by working with bright *colleagues on demanding client problems*
- varied experience through exposure to different industries, management styles and systems
- freedom from the routine and frustrations often found in line management

To join our young lively team, you'll need to be aged 26-35 with a good degree, an accounting qualification (ACA, ACMA or ACCA), and a successful track record in industry or commerce. Determination, tact, self-confidence and the ability to communicate fluently are essential personal skills.

As for the rewards and prospects, they're excellent. Development through individually tailored training programmes. Rapid promotion based solely on merit. And a remuneration package which, quite simply, demonstrates we're after some of the best financial brains around – a salary in the range £15-25,000 and benefits include a car.

Tempted by the challenge? Then send full personal and career details to Geoffrey Thiel, quoting reference 1312/FT on both envelope and letter. Please state your preferred *location.*

Deloitte Haskins+Sells
Management Consultants
128 Queen Victoria Street, London EC4P 4JX

Financial Controller UK

Heavy industry **NE England**

To £16,000 with car + bonus

The exceptional strength of our clients' senior management team is recognised as a prime contributory factor in their continuing success and high profitability in providing materials handling services for heavy industry.

It is therefore essential that the *company's new* Financial Controller is someone whose general management expertise is as acutely developed as their appreciation of the task of financial management in industry.

If you are qualified, ideally in your early 30's, familiar with both UK and US accounting techniques and computerised systems, and keen to assume professional involvement across a broader measure, we believe that our sophisticated business approach and a multi-location UK operation combine to make this a particularly attractive career move.

The remuneration package fully reflects the importance of this appointment to the company's corporate stance. It includes a starting salary negotiable to £16,000, performance-related bonus, company car and relocation expenses if necessary.

Please write with full cv, quoting ref: FT/697, and listing separately companies to whom your application should not be forwarded, to: Lynne Robinson, Riley Advertising (Southern) Limited, Old Court House, Old Court Place, Kensington, London W8 4PD.

Riley
Confidential Reply Service

ABERDEEN BIRMINGHAM BRISTOL EDINBURGH GLASGOW LIVERPOOL LONDON MANCHESTER NEWCASTLE NOTTINGHAM PERTH

Chief Accountant

mid-late 20s
Northern Home Counties
to £15,000

This recently established and very progressive British company is marketing internationally a highly innovative, hi-tech office systems product.

In this new appointment, you will be responsible to the Financial Director for leading a small team dealing with all financial and management accounting matters in a *successful and rapidly growing company.*

This is an ideal opportunity for a young ACA or ACMA, with at least three years' post-qualification experience, who is prepared to work hard to take advantage of the career development opportunities which exist. Ideally, you should have worked in a high-growth environment and been involved with implementing or extending computer-based systems.

Salary in the range *£13,000-£15,000* plus five weeks' holiday, medical and life insurance, contributory pension, and relocation assistance where necessary.

Please send full career details, **quoting ref: R2950/FT,** which will be forwarded to our client unopened. (Address to our Security Manager if listing companies to which it should not be sent.)

PA
PA Advertising

Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6060 Telex: 27874

French Speaking

Company Accountant/ Financial Controller

Dunstable **Excellent package + car**

Legrand SA is Europe's largest manufacturer of electrical fittings and is on course to be world leader in the next few years.

The UK subsidiary, Legrand Electric Ltd, which employs 200 people, is a young, dynamic and fast expanding company which is already playing a major role in the overall growth of the Group by developing the important UK market through its Dunstable distribution centre and factory at Milton Keynes.

To achieve the necessary levels of operational efficiency and profitability, it is vital to maintain a high level of financial control. With this in mind we now wish to appoint a Company Accountant/Financial Controller at our Dunstable location to be directly responsible to the Deputy Chief Executive for such broad areas as accounting, company administration, systems supervision and personnel services.

This is a highly demanding senior management appointment calling for a Qualified Accountant, probably aged 28–35, with a sound background in management accounting coupled ideally with experience in some or all of the following: cost accounting, salaries and pensions administration, currency control, US accounting practices and systems development. *Particularly desirable would be experience gained in a manufacturing* environment using computerised systems.

This role will involve maintaining close liaison with France and a good working knowledge of written and spoken French is therefore very desirable. However, demonstrable ability to learn would be acceptable provided all other criteria are met.

The Company is highly dynamic and geared for growth and the man or woman appointed must match these qualities in every way. For someone with the necessary professional skills, management ability and ambition to progress, we can provide an exciting and challenging environment in which to contribute positively to the future success of a potential world leader.

An excellent salary and benefits package is available, including company car and assistance with relocation where appropriate.

Send your cv and salary expectations to David Murphy, Deputy Chief Executive, Legrand Electric Limited, 18–20 Southfields Road, Dunstable, Beds LU6 3EJ.

legrand

FINANCIAL CONTROLLER

Salary Negotiable

For our newly opened European office, London SW1, established to co-ordinate our company's oil and gas exploration and production operations in Europe and the Mediterranean area.

Denison is one of the most prominent and well respected Canadian natural resources companies with Headquarters in Toronto, who showed a *net profit in 1983 of just over* $100 million, with a revenue of over $600 million and a return on equity (common) of 34%.

The Controller will report to the Managing Director in London and will be responsible for the co-ordination of all accounting, tax and related activities for our European companies. Joint venture oil and gas experience is essential. The position will require extensive travelling and is a high visible position within the corporate structure.

Write with full personal, career and salary details to:
R F Schwab, Managing Director,
Denison Petroleum Consultants Limited,
Asphalte House, Palace Street, London SW1E 5HS.

Denison

DEVILBISS
Masters of Finishing Technology

MANAGEMENT ACCOUNTANT
Light Engineering

We wish to recruit an experienced and capable Accountant, aged 30-45, to join our established management team in a senior capacity.

The job demands, as a minimum, a recognised accounting qualification, broad general accounting experience preferably in the engineering industry, a particular knowledge of planning and budgetary control techniques, and the personal qualities and managerial skills that will command respect from both colleagues and subordinates. The company has an in-house NCR Criterion mainframe computer and all major systems are computerised. Micro-computers and word-processors are also widely used.

There are positive opportunities for demonstrating both technical and managerial ability and career prospects are good.

Applications, which will be treated with total confidentiality, should consist of a concise one-page summary of accounting experience, together with a further page detailing age, technical education, qualifications, present salary and other relevant matters, and should be addressed to:

Manager — Personnel Services,
THE DeVILBISS COMPANY LIMITED,
Ringwood Road, Bournemouth BH11 9LH.

YOUNG MANAGEMENT ACCOUNTANT

West London **to £15,000**

Our client is a world leader in the video industry. Operating in 25 countries the company has experienced explosive growth and continues to expand.

Reporting to the Financial Controller primary responsibilities will comprise the provision of comprehensive management information and the development and implementation of mainframe and microcomputer reporting systems. Duties will include the co-ordination and review of group budgets and forecasts, *comparison with actual performance and* the provision of detailed business analyses for presentation to senior managers. Emphasis will be placed on close liaison with all levels of staff in Head Office and subsidiary companies and will involve occasional overseas travel.

The company wishes to appoint to this key position a graduate, qualified accountant, aged 24-30, who possesses the ability, ambition and professional self-confidence to make a significant contribution to the control and manage*ment of this fast moving competitive* business.

For further details please write to or preferably telephone:

PAUL MOONEY

10a London Mews, London Street, London W2. 01 402 7162

scope executive *Recruitment & Consultancy*

Accountancy Appointments

Financial Analyst

To £18,000+Car
Birmingham

A first rate analytical mind is required to create a new position in a large consumer product organisation based in the West Midlands. The position would be suitable for a well motivated self starter who is *stimulated by the challenge of developing a new role.*

The organisation concerned is going through a phase of considerable change which will be continued in a dynamic and aggressive manner. Consistent with this, there is a requirement to provide pertinent analysis of current performance and future profitability plans to management, including the analysis and review of the various strategy options.

As well as a proven track record, preferably as an analyst in a major group, applicants will need to demonstrate sound intellectual capabilities to handle the wide range of variables as well as the necessary interpersonal skills to communicate with all levels of management. Energy and drive will also be essential to develop the role to its full potential. A formal accounting qualification is an important priority. Age range 27-35.

Please apply in confidence, quoting ref. L106, to:

Brian H Mason
Mason & Nurse Associates
1 Lancaster Place
Strand
London WC2E 7EB
Tel: 01-240 7805

Mason & Nurse
Selection & Search

Major Overseas Bank

Financial Accounting Specialist
ACA

Age 23-27 **£13,000 – £17,000 + benefits**

Our client, a major overseas bank, wishes to appoint a qualified accountant to act as a technical accounting specialist within its European Division Headquarters in London.

Responsibilities will include:

Developing and setting up formal accounting policies and procedures for existing and new activities of the bank, particularly in the foreign exchange, money market and corporate lending areas.
Dealing with complex ad hoc accounting problems which arise from time to time.
Assisting in the specification of major new or enhanced computer systems.
Supervising preparation of accounts of UK subsidiaries.

The ideal candidate will probably have been qualified for no more than two years. He/she will have worked with a major firm of Chartered Accountants where they will have gained their experience on the audits of banks and other City institutions.

This is an excellent opportunity for a person seeking experience in an international bank which is entering an interesting and fast-changing phase in its development. It is an ideal appointment for a young accountant leaving the auditing profession and there will be ample opportunity to progress both within and outside the accounting function of the bank.

Please apply to Jock Coutts, Career Plan Ltd., Chichester House, Chichester Rents, Chancery Lane, London, WC2A 1EG, tel: 01-242 5775.

Career plan LIMITED
Personnel Consultants

Group Financial Controller

Central London ***c£30,000+car+bonus***

Ogilvy and Mather (Holdings) Limited is the holding company for Ogilvy and Mathers advertising agencies and associated companies in the UK. Due to substantial growth, they now seek a Group Financial Controller to co-ordinate the financial and accounting activities of *the companies* within the group.

Reporting to the Group Financial Director, you will play a central role, being responsible for consolidations and inter-company transactions and for the further development of the computerisation of group accounts. Important aspects of this new post will be to carry out a central treasury function and to contribute to tax planning.

Candidates, preferably in their late thirties, will be qualified Accountants with substantial experience at a senior level and with a breadth of experience which includes both *operating* and central roles. In addition you should have the personality to fit into a dynamic environment and the enthusiasm to actively participate in the overall development of the group.

The importance of this appointment will be reflected in a salary around the indicator shown. The benefits will include a quality car, contributory pension scheme and incentive bonus. Less tangible benefits will be gained through the significant contribution which the successful candidate is expected to make in this challenging role.

Candidates, male or female, should apply in confidence detailing their career history and salary and quoting reference MCS/6005 to Alannah Hunt, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY.

Price Waterhouse Associates

Finance Director (Designate)

East Midlands **c£22,000+Bonus+Car**

Our client, a wholly owned subsidiary of a major US corporation has an impressive track record of growth and success in high technology. A qualified accountant is now sought to join the senior management team.

Candidates, (aged 35-45) will have proven industrial experience in a manufacturing environment including budgetary control, costing, pricing and planning. Familiarity with computerised systems is also essential. Personal and business attributes of paramount importance will include:–

★ An entrepreneurial outlook, as this high level appointment demands that operations be viewed from a totally commercial as well as financial viewpoint.
★ A mature personality together with the communicative ability necessary to contribute to a multi-disciplinary team.
★ Sound technical ability and the versatility to adopt and achieve business objectives in a high growth operation.

Reporting directly to the subsidiary's Managing Director, this position maintains close contact with the parent company. American reporting experience therefore, although not essential, would be highly desirable.

This challenging role commands an extremely competitive remuneration package which includes highly generous relocation expenses where appropriate.

Interested applicants should write to Terry Benson at Michael Page Partnership, 24 Bennetts Hill, Birmingham, B2 5QP quoting ref. B6154.

MP
Michael Page Partnership
International Recruitment Consultants
London New York
Birmingham Manchester Leeds Glasgow

Career opportunity with a diversified multi-national . . .

HEAD OF INTERNAL AUDIT

London **to £20,000 + car + benefits**

This appointment offers an ideal and challenging opportunity to join a major successful multi-national group with a variety of industrial and commercial interests throughout the world.

Based in London and to be assisted by a small team, the Head of Internal Audit will be responsible for the planning and conducting of financial and operational audits of all the group's activities. The position will therefore involve a considerable amount of overseas travel, which could be required at relatively short notice.

The group also offer excellent prospects for further career progression.

Candidates for this appointment will be operationally orientated accountants, who have a minimum of eighteen months post qualification experience in industry, preferably within the audit department of a large international company. However, successful and ambitious accountants working within large professional firms may well be considered. Aged between 27 to 35 years, the successful candidate will also be a graduate whose career to date should indicate an above average progression.

Written applications enclosing career details should be submitted, in the strictest confidence, to Robert N. Collier or Gary Johnson at our London address quoting reference number 4450.

410 Strand, London WC2R 0NS. Tel: 01-836 9501
26 West Nile Street, Glasgow G1 2PF. Tel: 041-226 3101
3 Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DOUGLAS LLAMBIAS
Douglas Llambias Associates Limited
Accountancy & Management Recruitment Consultants
DLA

FINANCIAL CONTROLLER

Food Industry **Kent**

Consisting of 15 fairly autonomous operating *companies, the Northern Foods Meat Group* continues to be the fastest growing company in the meat products industry. During this period, our investment programme has been impressive; there has been major investment in 5 companies, 2 acquisitions, and 4 companies have been built. Committed to quality, our wide product range includes hot and cold pies, cooked and fresh meats, poultry products, recipe dishes and sausage, sold both under our own brands, including Pork Farms, Barons, Dorset Foods and the labels of most of the major national quality retailers.

McLaren Meats, who joined the Group last year, process and pack fresh red meat, and manufacture recipe dishes and fresh and frozen beefburgers for both leading own label retailers and their own brand. With a turnover of around £20M, they employ 250 people at two sites, Ashford, Kent, where a major extension is being completed, and a smaller operation in South *London.*

Reporting to the Managing Director, the position of Financial Controller has been created to further strengthen the senior management team. The immediate priority will be to assess, develop and implement the necessary financial, *management and budgetary controls to meet the* needs of this complex business. The successful man or woman will, therefore, be qualified, have several years post qualifying experience of both financial and management accounting in a manufacturing industry and will probably be a graduate. Experience of computers is also necessary since the response time for *management information* will necessitate their extensive use. In addition to the technical demands, there is a requirement to be involved in wider management decision making and we will be looking for a resilient self-starter with a broader commercial awareness, ideally aged 28–35.

The salary, car and other benefits, including relocation if necessary, will certainly be attractive to the person who convinces us they can both meet our current requirements and have the potential to take advantage of the real opportunities for career progression, both with ourselves and our parent company, Northern Foods.

If you are interested in finding out more about the position, then please write briefly, since application forms will be sent to selected candidates, telling us about your background experience, including your current salary to:

Northern Foods

C R Edley, Personnel Director,
Northern Foods Meat Group, Pork Farms Ltd.,
Queen's Drive, Nottingham NG2 1LU.

Auditor – Contracts

LONDON WC1 **up to £14,511**

Applications are invited from qualified accountants with relevant audit experience to undertake comprehensive and effective reviews of major capital construction contracts both on-shore and off-shore. The post also involves the provision of financial advice related to tenders prior to award, and claims prior to settlement as an independent part of a management review team.

A limited amount of travelling to various parts of the UK is involved and assistance will be given towards relocation expenses where appropriate.

Commencing salary will depend upon qualifications and experience and will be in the range £12,762-£14,511 [including Inner London Weighting]. Career prospects in this large and dynamic industry are excellent, both within the Audit field and in the Finance Division generally.

Please write with full details of age, qualifications, experience and current salary, quoting reference F/00371/005, to: Assistant Personnel Manager [HQ Services], British Gas, 59 Bryanston Street, London W1A 2AZ.

BRITISH GAS

ACCOUNTANTS of Outstanding Ability

LONDON ***to £25,000 + CAR***

As an international management consultancy practice, the variety of our clients is matched only by the variety of our assignments. Because of expansion, we seek accountants of exceptional all-round ability who have the potential for future admission to partnership. We offer opportunities, often at the highest levels, to broaden your business and technical skills through exposure to our clients' problems. Candidates will be in the age range 32–40 and will have already demonstrated achievement beyond the narrow accounting function. Other selection criteria will include a successful and responsible career to date and:

- An accounting qualification
- Effective oral and written communication skills
- An assured and confident manner

If you believe that you have these attributes, please send a career résumé, including salary history, quoting reference 2159, to M.R. Hurton.

Touche Ross & Co, Management Consultants
Hill House 1 Little New Street London EC4A 3TR
Telephone: 01-353 8011

Accountants aged 25-28 . . .

Opportunities in Financial Services

West London **to £15k+Bens.**

Our client, a diverse multinational has recently established a presence in the financial services market and now seeks two commercially orientated accountants (ACA, ACCA, ACMA).

The company is currently experiencing a rapid growth rate and offers initial roles including:

★ Financial reporting and control, requiring well developed staff management capabilities.
★ Increasing involvement in lease negotiations, related business performance appraisal and strategic business planning.
★ Funds flow and treasury cycle management.
★ Design and implementation of major new reporting systems for planning business expansion.

These positions will provide the opportunity to gain valuable experience in the financial services sector whilst retaining the potential for promotion within the group to other business areas.

The successful candidates will be highly motivated individuals, capable of achieving rapid results. Previous experience in this expanding area, however, is not essential. Interested applicants should contact **Phillip Price BA, ACA** on 01-242-0965 or write to him quoting ref. 327, at P O Box 143, 31 Southampton Row, London WC1B 5HY.

MP
Michael Page Partnership
International Recruitment Consultants
London New York
Birmingham Manchester Leeds Glasgow

NEWLY QUALIFIED ACCOUNTANTS

- Our Client, a major International Firm of Chartered Accountants, require newly qualified accountants within tax, audit and management consultancy. These are definite career moves with excellent prospects. Salaries will be within the £10,500 – £12,500 range. Ref. No. 8149.
- Our Client, the UK Subsidiary of a major International Pharmaceutical Group with a T/O in excess of 300 million in the UK, require a newly qualified graduate to take up a management accounting role. Career prospects, particularly in corporate planning are excellent. Salaries will be within £11,000 – £12,500. Relocation where applicable. Ref. No. 3586.
- Our Client, a fast expanding marketing organisation, require a newly qualified accountant to be entirely responsible for the 6 divisions of the company. Excellent move from the profession. Salaries in the £14,000 – £15,000 range. Ref. No. 2856.

These are a small selection of our current vacancies.

All applicants male or female should contact Rob Strippel on 01-638 2683.
SOS Accountancy Division: 5th Floor,
18-25 Eldon Street, London EC2.

SOS
ACCOUNTANCY DIVISION

Financial Controller
Distribution

Northern Home Counties **c.£18,000 + car**

Our client, part of a large multi-national group whose interests include manufacturing, distribution and sales, requires a Financial Controller for one of its key subsidiaries.

The duties include the management of around eighty staff, and in particular the preparation and analysis of monthly management accounts and the implementation of DP systems.

Applicants should be accountants aged 30 to 40 who can offer substantial post-qualification experience in industry or commerce, including some knowledge of distribution. Experience of working in a multi-location group is essential.

This is a good career opportunity where advancement to director is possible within one year.

Please write to M J B Ping enclosing a detailed CV and quoting reference F/254/P at:

E&W
Ernst & Whinney Management Consultants,
Becket House, 1 Lambeth Palace Road, London SE1 7EU.

Accountancy Appointments

Internal Audit Manager

Home Counties **over £20,000 + Car**

Our client, a major international public company, is an accepted market-leader within its specialist market sector having significant manufacturing operations throughout the U.K. and overseas.

As part of the strategy to further improve the effectiveness of the Group's financial systems and controls on an international basis, it is now the intention to focus the work of the internal audit team more on operational matters, rather than on purely financial audit routines. The company is seeking to recruit an ambitious, bright, financial manager to operate and develop the internal audit section in carrying out this task.

This is a unique opportunity for a Chartered Accountant, from a large international professional firm and with a computer background, aged 30-35 who seeks to take the first step in his/her career development towards a senior management position within the company.

The successful applicant will receive an attractive remuneration package including generous relocation expenses where required.

Candidates should write enclosing a comprehensive curriculum vitae, quoting ref. 107 to Philip Cartwright, ACMA, Executive Division, P.O. Box 143, 31 Southampton Row, London WC1B 5HY.

Michael Page Partnership
International Recruitment Consultants
London New York
Birmingham Manchester Leeds Glasgow

Creative Financial Manager
Management Information Development
London Up to £17,237

National Networks Specialised Services – a major British Telecom enterprise – develops, markets and supplies private circuits, packet switching and telex facilities to large commercial customers. It is a highly successful business operating in a fast moving and competitive environment. We are now looking for an experienced Financial Manager to play a senior analytical and advisory role at our London Head Office.

The successful candidate, male or female, will be a self-starter with the ability to take charge of the development and co-ordination of our accounting and management information systems. Broad-based responsibilities include the review and improvement of existing financial information systems, co-ordinating the computerisation of procedures, and the control of charges between Departments.

Applicants must be fully qualified Accountants or finalists, with a sound knowledge of computer-based financial systems and the ability to produce lucid reports and recommendations. Possession of an Economics or similar degree is desirable and experience in management information systems, product accounting or systems audit would be an advantage.

Starting salary will be up to £17,237 (including Inner London Weighting), according to experience and qualifications. Benefits include a contributory pension scheme plus generous leave allowance.

For full information on this post call Kim Church on 01-357 3256. For an application form ring FREEFONE 2237 or write to Lorne Murray, British Telecom, LCS Selection Unit, P3.2.1.1.1, Room 1119, 151 Gower Street, LONDON WC1E 6BA.

British TELECOM

Merchant Bank
City

Young ACA/ACCA **c. £12,000 + Mortgage Subsidy**

Leading Merchant Bank is currently offering excellent opportunities for qualified accountants to develop their careers in the world of Banking and Finance.

Their role will be to review and report on the Bank's varied activities, which include banking, corporate finance, investment management, life assurance, unit trusts and leasing.

Ideally, applicants should be aged mid to late twenties and have acquired experience in a medium to large professional firm.

Conditions of employment are excellent and include four weeks holiday, non-contributory pension scheme, free luncheon facilities and a mortgage subsidy scheme.

To apply, please telephone or write quoting reference 7880.

Lloyd Chapman Associates
123, New Bond Street, London W1Y 0HR 01-499 7761

Hoggett Bowers
Executive Selection Consultants
BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD

Group Financial Controller

West, c.£16,000 + bonus + car

The Headquarters of a substantial public group, manufacturing sophisticated engineering products, requires a Group Controller to oversee subsidiary operations in the UK and abroad. Reporting to the Group Financial Director, this is an excellent career opportunity to really develop the function and exploit good career prospects within the Group. Candidates must be ACA or ACCA, probably in their 30's, and should have line experience as well as a thorough grounding in group type functions of consolidation, budgeting, planning etc. There will be considerable freedom for action to involve oneself at all levels and therefore the skills of probing, diplomacy and persuasion must be well developed. The level of computerisation is high including the use of mini's for investigative and planning studies.

J.H.E. Davies, Ref: 37346/FT. Male or female candidates should telephone in confidence for a Personal History Form 0222-700633, *3A Hickman Road, Penarth*, CARDIFF, South *Glamorgan, CF6 2AJ.*

SALES EXECUTIVE
RECRUITMENT ADVERTISING

The Financial Times requires a young sales executive to join its team selling recruitment advertising space on these pages, to advertising agencies, consultancies and direct clients. It is *essential* that candidates (aged 21-28) have previous experience selling *recruitment advertising* either over the telephone or face to face.

To find out more call:
FRANCIS PHILLIPS
01-248 4782

ACCOUNTANCY APPOINTMENTS

APPEAR EVERY THURSDAY

Rate £34.50 per single column centimetre

GROUP TREASURER

Middlesex **c. £25,000 + car**

Our client is a well-established public company engaged in the retail sector. As befits a company with high cash flows and turnover in excess of £1,200m highly efficient treasury management is seen as essential.

The successful candidate for this post will need to be an experienced treasurer, preferably qualified as an accountant and aged probably 28-35.

Experience of foreign exchange exposure management is vital as is an ability and willingness to participate in a " hand-on " role.

Overall commercial awareness and excellent communications skills are also very important. *Ref: 3843.*

INVESTIGATIONS: SENIORS/MANAGERS

to £12,000

Our client, an established City firm of accountants, is currently expanding its Special Services department and requires several new staff as a result of increasing involvement in growth companies needing assistance with venture capital, acquisitions, USM and stock market flotations, restructuring of accounting and management systems and general financial development.

Prospective candidates must be qualified Chartered Accountants, with good exam records, who have had some financial investigations experience and are seeking greater responsibility in a thriving concern. Ref: 3844.

To arrange an informal and confidential meeting, at which these opportunities can be discussed on more detail, please contact Robert Digby, B.A.

Badenoch & Clark
Recruitment Consultants
16-18 New Bridge Street, London EC4V 6AU
Tel: 01-353 1867

FINANCIAL CONTROLLER

AYLESBURY ***c. £15,000 + Car***

An expanding Group of companies involved in Engineering, International Marketing and Financial Services, with a turnover approaching £6m per annum, is seeking to appoint an experienced controller to run the financial aspects of 5 of the Group's companies.

This is a new appointment suited to an experienced *qualified Accountant who will be expected to play* a leading role in the continued development of the Company. Reporting to the Group Financial Director, the appointee will need to be fully competent in accounting forecasting control and company secretarial. Experience of foreign exchange and micro-computers would be a distinct advantage.

A generous benefits package awaits the successful candidate, who will have an opportunity to develop within a highly successful organisation.

Please write with full cv, to
P G Sheldon FCA, ATII, MBIM
City Crown Limited
72 Quinta Drive Arkley Herts EN5 3BE

Internal Audit Assistants

N M Rothschild & Sons Limited, requires additional qualified or part-qualified auditors for the Internal Audit Department which is based at their administrative offices in South London.

One appointment will be made from amongst qualified applicants with experience of auditing computerised systems; other appointments may be made from amongst part-qualified candidates. Banking experience would be an advantage, but is not considered essential.

Ideally, successful applicants will be in the age range mid-20s to early 40s. They will be members of a team of 5 which is responsible for undertaking systems reviews both in the UK and overseas.

Importance is placed on the ability to prepare lucid reports and deal with staff at all levels in the Bank.

The successful applicants may expect to spend up to two months each year on audits overseas.

Remuneration and other employment benefits will be attractive and include a mortgage interest subsidy, a non-contributory pension and participation in a profit-sharing scheme.

Please send a full curriculum vitae to:

The Personnel Director
N M Rothschild & Sons Limited
New Court, St Swithin's Lane
London EC4P 4DU.

N.M. Rothschild & Sons Limited

Ambitious Commercial Accountant
– Commodities –

City **£15,000+benefits**

Our client is a highly respected international trading company dealing in a wide range of commodities and financial futures. The group is striving to continue improvements in management efficiency generating maximum profits from existing and new activities.

A vacancy has arisen for an accountant, **not necessarily qualified**, who will play a key role within the finance team. Principal responsibilities will encompass the preparation of detailed and meaningful accounting information, supervision of the foreign exchange administration and the effective management of a department of approximately ten staff.

The successful candidate will be a part qualified accountant (ACA/ACMA), probably aged late 20's, who has ideally had experience of working in a trading and dealing environment, and would be capable of operating with highly computerised systems. It is essential that applicants have drive, ambition and the ability to deal with senior level management.

Please write with a detailed curriculum vitae to Nick Waterworth, BA, Banking and Finance Division, 23 Southampton Place, London WC1A 2BP, quoting reference 3375. All applications will be dealt with in the strictest confidence.

Michael Page Partnership
International Recruitment Consultants
London New York
Birmingham Manchester Leeds Glasgow

Financial Controller
Board Potential

Gloucester
c £17,500 + Car
Age 27-35

Our client requires a young, able and ambitious Financial Controller to head up the finance function at its head office in Gloucester.

The company, a small but well established plc, has decided to reconstruct its activities and concentrate all its resources in its mainstream distribution services and property interests. The Board is fully confident about future growth and prospects.

The position will appeal to Qualified Accountants, aged 27-35, who would enjoy and have the experience to respond to the challenges of building up the group from a firm base.

The responsibilities will be wide ranging, with particular emphasis on developing *improved computer-based accounting and reporting systems; exercising tight* budgetary control over the multi-site operations; identifying areas of profit improvement; evaluating acquisition opportunities and preparing strategic plans.

There is an excellent remuneration package including relocation assistance. A Board appointment is envisaged in the short-term, when equity participation may be considered.

Please send concise details including salary and day-time telephone number, quoting ref: L2010, to W.S. Gilliland, Executive Selection Division,

Thornton Baker Associates Limited, Fairfax House, Fulwood Place, London WC1V 6DW.

Systems Development
Major Financial Group

Central London **c£15,000 + benefits**

Due to increasing demands on the small team responsible for the development of *accounting systems, our client seeks a* qualified accountant (mid/late 20s) who can contribute fully to the work of the team. This is an important job in an established area of our clients organisation.

You will work either: individually, as a member of a multi-discipline project team, with external consultants or be seconded to a relevant business area. Assignments normally involve working on a project from beginning (systems specification) to end (testing and implementation).

The varied nature of the work necessitates exposure to many facets of the group's business and will therefore provide an excellent base for career progression, which need *not be restricted to systems development.*

Salary is negotiable and benefits include a non-contributory pension and subsidised mortgage.

Contact David Tod BSc, FCA on 01-405 3499 quoting ref D/52/SF

Lloyd Management
125 High Holborn London WC1V 6QA Selection Consultants 01-405 3499

QUALIFIED ACCOUNTANT

HIGSON PING

Consultancy Services

c £12-13,000 *plus car* — **Surrey**

Our client is a major UK Company with many manufacturing locations in this country.

A management services vacancy has arisen based at head office that will interest an ambitious and qualified Accountant (ACA, ACMA or ACCA) of graduate calibre.

This very interesting and unusual job entails the review of management systems *and procedures across all the functions of the Company and calls* for a person of tact and analytical skills. It will appeal to those who enjoy working on new problems and unfamiliar situations.

Candidate, male or female, will be aged 27-33 and have some industrial experience.

Benefits are very attractive and prospects excellent.

Please contact A. Higson, quoting reference H1950(F) or telephone for a personal *history form.*

Higson Ping Ltd./Executive Recruitment Consultants.
110 Jermyn Street, London SW1Y 6HB.
Telephone: 01-930 4196 (24 hour answering service).

Accountancy Appointments

FINANCIAL CONTROLLER
International Operations

West London — around £22,000 + substantial benefits

A major UK company, with a £2,000 million turnover, is seeking someone with a proven success record to assume financial control of its rapidly expanding international operations.

Aged between 30 and 40, you will be a qualified accountant with directly relevant experience in a consumer oriented industry. You must have extensive knowledge of international financial procedures and be able to develop the existing use of data processing. You must be positive, innovative and used to producing key financial information to tight deadlines. You will be ambitious and readily equipped to join the Executive Committee of the international operation.

The remuneration package contains a substantial profit sharing bonus, car and private mileage.

Please write to Keith McNeish (quoting reference 501), showing how you meet the above criteria and enclosing details of your career to date.

cc&p Cockman, Copeman & Partners International Ltd
26-28 Bedford Row, London WC1R 4HF

FINANCIAL DIRECTOR (DESIGNATE)
Overseas Operations

Based Basingstoke — To £25,000+Car

Wiggins Teape Overseas Ltd. is seeking a qualified Accountant who has broad commercial experience, to take over this demanding role when the present incumbent retires in early 1985.

The overseas company, with a turnover of some £110m, is involved in the manufacture, conversion and selling of paper products. It has some 27 subsidiary and associated companies in 14 countries and controls the overseas operations of the Wiggins Teape Group which, with a turnover of around £650m, is itself a wholly owned subsidiary of B.A.T. Industries.

Reporting to the Chief Executive Overseas Operations, you will be responsible for overseeing the financial management of all overseas units, monitoring performance, and providing a business orientated consultancy service on all budgets, plans, investments, acquisitions and other projects. Above all, a significant input into the development of strategy for the overseas operations is an essential part of the job. The work will involve considerable travel overseas.

Applicants, preferably graduates, must be qualified Accountants and be able to demonstrate capabilities beyond conventional accounting. You should have considerable experience of operating in a broad business environment at a senior level and will have had exposure to working in companies overseas. Experience of finance, foreign exchange dealings, exchange controls and tax would be an added advantage.

In addition to the salary indicated we can offer a very competitive package of fringe benefits.

Applications enclosing a detailed c.v. should be forwarded to: R. J. Kendal, Group Recruitment Manager,

Wiggins Teape Group Ltd.,
Gateway House, Basingstoke, Hants RG21 2EE.

WIGGINS TEAPE

ACCOUNTANCY APPOINTMENTS APPEAR EVERY THURSDAY

For more information call:

IRENE NOEL

01-248 5205

EUROPEAN FINANCIAL CONTROLLER

Central London £18,000+Car

DRI Europe is a highly successful and expanding subsidiary of Data Resources Inc, the world leader in Economic Information Services. Through the world's largest private collection of data banks and econometric models, it provides quality information, analyses and expert advice to key decision makers and planners in European industry, finance and government.

Due to internal promotion, we require a disciplined commercially minded, ambitious and experienced Financial Controller to take overall responsibility for the financial and administrative activities of its five European offices and U.S. international team and to make a contribution to the company's profit growth.

Reporting to the Group Vice President, the right applicant will be a qualified accountant with senior level financial experience, preferably gained in the electronic distribution of information industry and, ideally, in an international environment.

Apart from excellent career prospects with a growing company, the post offers an attractive remuneration package and benefits which include company car, pension, medical and insurance plans.

Please send career details to:

DRI DRI

Paul Jenkinson
UK and European Personnel Director
Shoppenhangers Road
Maidenhead, Berks SL6 2QL.
Telephone: Maidenhead 23431.

County Treasury

County Treasurer

£27,753 x £570 (5) to £30,603 p.a.

A qualified accountant, male or female, is required for the post of County Treasurer which falls vacant on 31st October 1984 due to the retirement of Mr G. E. Daniel.

Applications are welcome equally from those already serving in Local Government or the public sector and from Accountants in business or private practice.

Relocation expenses where appropriate.

Further details are available from the Clerk of the County Council and Chief Executive at County Hall, Tel: Nottingham (0602) 823823 extn. 3823. Closing date 27 April.

An Equal Opportunity Employer

Nottinghamshire County Council
County Hall · West Bridgford
Nottingham NG2 7QP

Financial Controller

Neg. from £18,000 tax-free — Saudi Arabia

A well-established company with a turnover of around £5m and with diverse activities including the importation and sale of foodstuffs, TV films, heat transfer equipment and holding many well known agencies, seeks an experienced Financial Controller.

The Company is expanding and wishes to strengthen its financial management and the person appointed will report to the President and be responsible for budgets, forecasts and cash flow projections for 3 separate cost centres.

He will also provide financial information and advice to the Senior Executives of the group.

Applicants should hold a recognised accounting qualification, have had wide exposure, ideally in a diversified business and have some experience of computerised accounting systems.

Post is a single status position offering a negotiable tax-free salary of at least £18k, free furnished accommodation, transportation and other benefits. Interviews will be held in UK in mid April.

Please send full C.V. to Viv Jones, PER Overseas, 4-5 Grosvenor Place, London SW1X 7SB.

PER OVERSEAS
The complete overseas recruitment service

APPOINTMENTS

Changes at House of Fraser

HOUSE OF FRASER has made the following changes. Mr D. K. Milligan will retire as company secretary on March 31. He remains a non-executive director. Mr B. S. Hedge becomes company secretary from April 1. Mr L. F. Drewitt has been appointed joint managing director of Harrods from April 1, and Mr A. Clark is made assistant managing director. Mr P. Husum and Mr P. Martin have been appointed to the board of A. C. Illum A/S in Copenhagen. Mr B. J. Gladwin has been appointed controller of management services throughout the House of Fraser Group.

*

Mr Peter R. J. Allen and Mr Philip P. Ralph have been appointed directors of RUSTON-BUCYRUS. Mr Allen is general works manager. Mr Ralph is an associate directors and director of corporate finance with The General Electric Company.

*

Mr K. L. Penson has been appointed an additional director of C. E. HEATH AND CO (RE-INSURANCE BROKING). Mr R. G. Rose and Mr D. Webber become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (LMX). The appointments are from April 1.

*

Mr James Leonard Curle and Mr Anthony J. R. Purssell have been appointed members of the CIVIL AVIATION AUTHORITY. Mr Curle has been an employee of the Authority since its inception and recently became its managing director having previously been director-general of telecommunications, National Air Traffic Services (a joint CAA/MoD service). He has been appointed a full-time member of the Authority for a three-year term from March 1. Mr Pursssell has been appointed a part-time member for a three year term from March 19. Mr Pursssell retired from Arthur Guinness and Sons in 1983 as joint deputy chairman. He is regional director (South Midlands) of Lloyds Bank, and a governor of Ashridge Management College.

*

ASSOCIATED DAIRIES GROUP has appointed Mr D. L. Donne a non-executive director from April 1.

*

From April 1 the following appointments have been made to the board of CATE RALLEN HOLDINGS: Mr D. J. Coe, Mr C. J. W. Frost, Mr J. E. Islsey, Mr A. P. La Roche, Mr M. A. Lawrence, Mr J. A. Pound and Mr S. R. B. Wood; to the board of Cater Allen: Mr M. D. Lee; to the board of Cater Allen Futures: Mr I. T. Liss and Mr R. D. Morris.

*

Mr Dennis Montgomery, vice president of Citibank, has been appointed to the board of COMMUNICATIONS STRATEGY, following its acquisition of 75 per cent of the equity of Executech.

*

Mr Roy Hill has been appointed deputy chairman of GARDNER MOUNTAIN AND CAPEL-CURE AGENCIES from April 1.

*

Mr Clifford Taylor has been appointed BBC's deputy director of finance from April 1. Currently chief accountant corporate finance, Mr Taylor succeeds Mr Geoff Buck, who has been promoted to director of finance.

*

New post at Guinness

Mr David J. H. Slater will join ARTHUR GUINNESS AND SONS on July 1, as director of corporate development, a new appointment. He is currently director of strategic planning with the Bowater Corp.

*

Mr Christopher French has been appointed director of management information of F. W. WOOLWORTH, responsible for all management services functions. He was director of retail and small business systems of International Computers and also a director of ICL Inc, its American subsidiary.

*

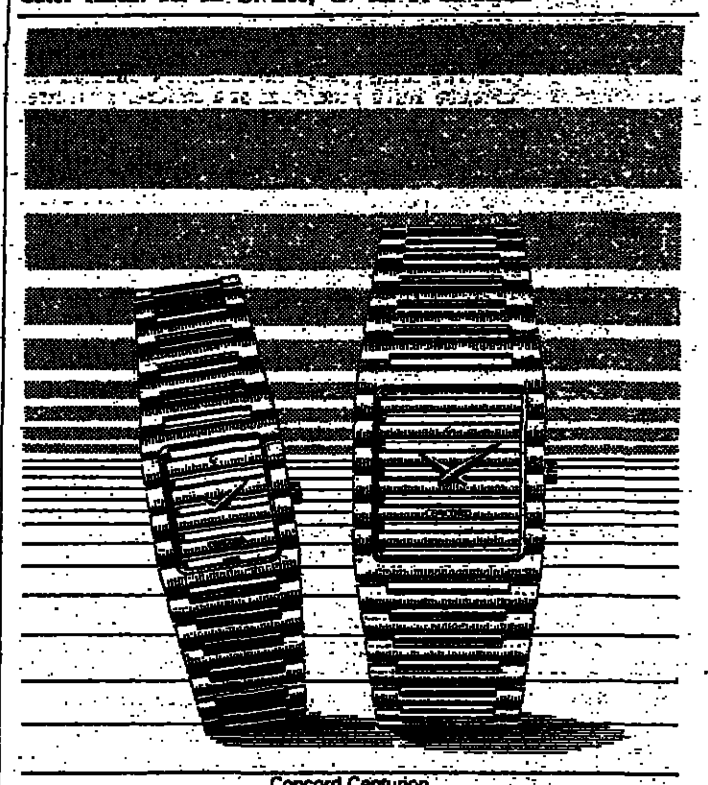
THOMAS WILLIAM LENCH (HOLDINGS) has appointed Mr Peter Richards and Mr Bill Mumford has directors of Fastener House, the company formed to co-ordinate the activities of its five UK distribution centres. Mr Richards was previously chairman and joint managing director of Charles Richards Fasteners. Mr Mumford joined the Lench organisation in 1970 and is general manager of Gwent Fastener House.

*

THE WYATT COMPANY (UK) has appointed Mr John W. Hough to its board from April 1.

*

BRITISH RAILWAYS BOARD has appointed Mr David Williams, deputy international director (overseas sales), as director of international marketing and director, Channel Tunnel, from June 1 on the retirement of the present director, Mr P. A. Keen.



Concord Centurion, water-resistant quartz watches, 18 kt. gold or steel and gold measure time with elegance and Swiss precision.

CONCORD

David Morris, 38 Conduit Street, London W1	Kutchinsky Jewellers, 73 Brompton Road, London SW3	The London Hilton Jewellers Ltd, Park Lane, London W1
Harrods, Knightsbridge, London SW1	179 New Bond Street, London W1	Asprey & Company Ltd, 165-169 New Bond Street, London W1
Cadogan Tower, Cadogan Place, London SW1		
Churchill Hotel, Portman Square, London W1		
Inn on the Park, Hamilton Place, London W1		

COMPANY NOTICES

EMPRESAS LA MODERNA, S.A. de C.V.
(Incorporated in the United Mexican States with limited liability)
(the "Company")

NOTICE
to the holders of the outstanding

FLOATING RATE NOTES DUE 1988
of the Company in the denomination of U.S.$10,000 each
(the "Noteholders" and the "Notes" respectively)

NOTICE IS HEREBY GIVEN to the Noteholders that, at the Meeting of the Noteholders convened by the Notice published in the Financial Times on 23rd February, 1984 and held on 16th March, 1984, the Extraordinary Resolution set out in such Notice was duly passed by the unanimous vote of all Noteholders present or represented at the Meeting. Accordingly, the ELM Proposals (as defined and set out in the Explanatory Statement dated 23rd February, 1984 addressed by the Company to the Noteholders), which involve principally a limited relaxation of certain of the financial ratios contained in the principal Trust Deed constituting the Notes and the Terms and Conditions thereof, a restriction on future borrowings by the Company and its subsidiaries, guarantees in respect of the Notes by two of the Company's principal subsidiaries and a modification of the existing dividend restriction, have been implemented by means of a First Supplemental Trust Deed dated 28th March, 1984. A new Extel Card indicating the modifications to the particulars and the Terms and Conditions of the Notes resulting from the implementation of the ELM Proposals is available in the statistical services of Extel Statistical Services Limited. Any Noteholder who wishes to inspect a copy of the principal Trust Deed or the First Supplemental Trust Deed mentioned above or to obtain a copy of such new Extel Card may do so at the specified offices of the Paying Agents listed below.

PRINCIPAL PAYING AGENT
The Chase Manhattan Bank, N.A.,
Woolgate House,
Coleman Street,
London EC2P 2HD.

OTHER PAYING AGENTS
Banque de Commerce, S.A.,
51-52 Avenue des Arts,
B-1040 Brussels.

Chase Manhattan Bank
Luxembourg S.A.,
47 Boulevard Royal,
Luxembourg.

The Chase Manhattan Bank, N.A.,
1 New York Plaza,
New York, New York 10081.

Registered Office:
Ave. Fco. Madero 2750,
Poniente, Monterrey, N L.,
Mexico.

By Order of the Board of Directors
of Empresas La Moderna, S.A. de C.V.
R. G. FARIAS,
Director

Dated 29th March, 1984

TAUERNAUTOBAHN AKTIENGESELLSCHAFT
US$30,000,000 8¼% Guaranteed Bonds 1987

Citibank, N.A., as Principal Paying Agent, announces that Bonds for a nominal value of US$3,000,000 were purchased for the March 15 1984 Redemption. The principal amount outstanding after March 15 1984 is US$21,000,000.

March 29, 1984 — Citibank, N.A., London

GRANGES AB
US$30,000,000 8¾% BONDS 1985

S. G. WARBURG & CO. LTD., announce that the redemption instalment of Bonds due 1st May, 1984 for a nominal value of US$1,250,000 has been met by purchases in the market. US$6,750,000 nominal amount of Bonds will remain outstanding after 1st May, 1984.

[illegible]

1st May, 1979
1st May, 1978
1st May, 1977

30, Gresham Street, London EC2P 2EB. — 29th March, 1984

T.C.H. INVESTMENTS N.V.

NOTICE IS HEREBY GIVEN to holders of Bearer Depositary Receipts each representing one-tenth of one Class "A" share of T.C.H. Investments N.V. that after the declaration of a dividend at the Annual General Meeting of Shareholders of T.C.H. Investments N.V. held in Curaçao on 28th March, 1984, holders of Bearer Depositary Receipts are entitled to a net dividend of US$ 14.50 per receipt payable as from 5th April, 1984, at the office of Pierson, Heldring & Pierson N.V. Herengracht 214, Amsterdam, against surrender of dividend coupon No. 10.

CARIBBEAN DEPOSITARY COMPANY N.V.

Willemstad, Curaçao. 29th March, 1984.

ENGELS-HOLLANDSE BELEGGINGS TRUST N.V.
(English and Dutch Investment Trust)
Established in Amsterdam

8% FIRST CUMULATIVE PREFERENCE SHARES
8% SECOND PREFERENCE SHARES
ORDINARY SHARES

NOTICE IS HEREBY GIVEN that payment on the following dividends having been declared will be made, at the office of Hollandse Koopmansbank N.V., Keizersgracht 674, 1017 ET Amsterdam, for payment on or after April 2nd, 1984: [illegible]

By Order of the Board.
THE MANAGEMENT.

Hollandse Koopmansbank N.V.
Keizersgracht 674
1017 ET Amsterdam
March 27th, 1984

MINERALS AND RESOURCES CORPORATION LIMITED
(Incorporated in Bermuda)

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER PAYMENT OF COUPON NO. 97

With reference to the notice of declaration of final dividend advertised in the press on March 26, 1984 the following information is published for the guidance of holders of share warrants to bearer.

The dividend of 6 cents was declared in United States currency. The dividend on bearer shares will be paid on or after May 15, 1984 against surrender of coupon No. 97 detached from share warrants to bearer as under:

(a) at the office of the Corporation's continental paying agents: Credit du Nord, 6 & 8 Boulevard Haussmann 75009 Paris

(b) at the London Bearer Reception Office of Charter Consolidated P.L.C., 40 Holborn Viaduct, London EC1P 1AJ. Unless persons depositing coupons at such office request payment in United States dollars (in which case they must comply with any applicable Exchange Control regulations), payment will be made in United Kingdom currency either:
(i) in respect of coupons lodged on or prior to May 8, 1984 at the United Kingdom currency equivalent of the United States currency value of their dividend on April 19, 1984 or:
(ii) in respect of coupons lodged on or after May 9, 1984, at the then prevailing rate of exchange on the day the proceeds are remitted to the London Bearer Reception Office.

Coupons must be left for at least four clear days for examination (eight days if payment in United States currency has been requested) and may be presented any weekday (Saturday excepted) between the hours of 10.00 a.m. and 3.00 p.m.

United Kingdom income tax will be deducted from payments to any person in the United Kingdom in respect of coupons deposited at the London Bearer Reception Office, unless such coupons are accompanied by Inland Revenue non-residence declaration forms. Where such deduction is made, the net amount of the dividend after deducting U.K. income tax at 30% will be 4.20 cents (United States) per share.

In the case of payments made in United Kingdom currency the sterling equivalent of the net dividend will be calculated in accordance with sub paragraph (b) above.

For and on behalf of
CHARTER CONSOLIDATED P.L.C.
U.K. Transfer Agents
G. A. Wilkinson
Divisional Companies Secretary

London Office:
40 Holborn Viaduct
London EC1P 1AJ
March 29, 1984.

ENGELS-HOLLANDSE BELEGGINGS TRUST N.V.
(English and Dutch Investment Trust)
Established in Amsterdam

PARTICIPATION CERTIFICATES (ISSUED BY ROYAL EXCHANGE ASSURANCE)

[illegible]

ROYAL EXCHANGE ASSURANCE
Royal Exchange,
London EC3V 3LS.

DOME PETROLEUM DOLL US 50 MILLIONS FRN 1982/1989

Please be advised that for six months, March 21, 1984 to September 20, 1984 the notes will carry an interest rate of 11 1/8% P.A.

The interest due on September 21, 1984 against coupon nr 5 will be Doll US 568,61 and has been computed on the actual number of days elapsed (184) divided by 360.

The principal paying agent
SOCIETE GENERALE ALSACIENNE DE BANQUE
Luxembourg Branch

CONVERTFUND INTERNATIONAL S.A.

Société Anonyme d'Investissement
Luxembourg, 37, rue Notre-Dame
R.C. Luxembourg B 8,129

NOTICE IS HEREBY GIVEN to holders of class "A" shares of Convertfund International S.A. that on or after March 30th, 1984 payment of a dividend of US$0.50 (50 cents) per share will be made against surrender of coupon No. 15 with one of the following paying agents:
—Kredietbank N.V., Brussels
—Kredietbank S.A. Luxembourgeoise, Luxembourg
—Banca Nazionale del Lavoro, Rome
—Crédit Commercial de France, Paris
—Westdeutsche Landesbank Girozentrale, Dusseldorf
—Morgan Guaranty Trust Company of New York — Corporate Trust Office, New York

As a result of the distribution the net asset value of "A" shares will reflect the decreased proportion of the fund's net assets allocable to "A" shares as described in the offering prospectus.

CONVERTFUND INTERNATIONAL S.A.

ENTE NAZIONALE PER L'ENERGIA ELETTRICA (E.N.E.L.)

7¼% 1971/1986 EUROPEAN CURRENCY UNITS 60,000,000 GUARANTEED BONDS

Bonds for the amount of European Currency Units 5,500,000 have been drawn on March 15, 1984 in the presence of a Notary Public for redemption on May 1, 1984.

The drawn Bonds are those, NOT YET PREVIOUSLY REDEEMED, included in the range beginning at:

315 up to 6920 incl.

They are redeemable, coupon due May 1, 1985 and following attached as from May 1, 1984.

Amount unamortised: European Currency Units 10,500,000.

Outstanding drawn Bonds:
33617, 33974, 33985, 34274, 34281 to 34289 incl., 34292, 34314, 34546, 35087 to 35090 incl., 56836, 58533.

The Fiscal Agent
KREDIETBANK
S.A Luxembourgeoise

Luxembourg,
March 29, 1984.

GENEVA
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BUSINESS ADVISORY SERVICE S.A.
7 Rue Muzy, 1207 Geneva
Tel: 36.05.40 - Telex: 23342

SOCIETE NATIONALE INDUSTRIELLE AEROSPATIALE

10% 1975/1985 BONDS FF 100,000,000

We inform bondholders of the above Bonds that Bonds for a nominal amount of FF 13,650,000 have been drawn for redemption in the presence of a Notary Public on March 15, 1984.

The drawn Bonds will be reimbursed, coupon No 10 attached, as from May 6, 1984.

The drawn Bonds are those, NOT YET PREVIOSULY REDEEMED, included in the following range:

490 to 2839 inclusive

Amount bought into the market: FF 350,000

Amount outstanding: FF 15,000,000.

Outstanding drawn Bonds:
1 15 and 16 18 to 20 incl. 23 to 30 incl. 35 and 36 61 to 65 incl. 69 to 71 incl. 75 and 76 88 to 91 incl. 95 100 to 109 incl. 112 117 to 126 incl. 159 to 162 incl. 175 181 and 182 186 to 202 incl 218 to 222 incl. 244 316 and 317 321 324 339 343 and 344 353 and 354 357 to 362 incl. 9865 to 9867 incl. 9868 9878 to 9896 incl 9899 to 9903 incl. 9922 to 9932 incl. 9934 9939 9954 and 9955 9977 to 10000 incl.

Fiscal Agent
KREDIETBANK
S.A. Luxembourgeoise

Luxembourg,
March 29, 1984.

CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE
NOTICE TO SHIPPERS
TRAFFIC TO CANADA

The member lines of the above conference operating services between the United Kingdom, Northern Ireland and the Republic of Ireland and Canadian Maritime, St. Lawrence River and Great Lakes ports would refer shippers to the announcement made in September 1983 of an increase in rates, to become applicable 1st January 1984. That decision was made after a careful assessment of the Lines' financial position and the extensive losses which they had incurred over the past 2/3 years had made it apparent that, unless steps could be taken to eliminate these losses as quickly as possible, their ability to provide the services so essential to British exporters at the level as heretofore would be seriously impaired and that their ability to continue to serve the trade at all could be placed in jeopardy.

A full review of the Lines' position has been undertaken and it has now been decided that, with effect from 1st July 1984, a further increase in rates is unavoidable and, accordingly, will become applicable on the following basis:—

Service 1 Rates—The existing commodity box rates will be increased as follows:
20ft. containers - Dlrs.180 per container
40ft. containers - Dlrs.300 per container

Service 2 Rates—The present differential of 15 per cent over service one rates will be maintained.

Service 3 Rates—A minimum of 15 per cent.

Refrigerated containers—15 per cent with a minimum of Dlrs.300 per container.

Shippers are also advised that separate consideration is presently being given to the freight rates to apply from 1st May 1984 to certain commodities in the tariff which are presently due to expire on 30th April.

Atlantic Container Line GIE
Cast (1983) Ltd. (Associate Member)
Hapag Lloyd A.G.
Manchester Liners Ltd.
Sea-Land Service Inc.
The Canada Line

CANADIAN ATLANTIC FREIGHT SECRETARIAT LTD.
Secretaries.

Conard Building,
Liverpool L3 1DS.
March 1984.

COURSES

ADVISORS, MANAGERS, BANKERS PUBLIC SERVANTS, POLITICIANS

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How the Treasury Model of the British Economy Actually Works, or
Higher Education Policy in the 1990s
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Professor Robin Marris, "The Economics of Higher Education, in the U.K. and Internationally"
For information phone 01-580 6622 Ext. 495
or write to BASE Office, Economics Department,
Birckbeck College, 7 Gresse Street, London W1P 1PA

CLASSIFIED ADVERTISMENT RATES

	Per line Minimum 3 lines	Single column cm Minimum 3 cms
Commercial and Industrial Property	9.50	33.00
Residential Property	7.50	25.00
Appointments	10.00	34.50
Business, Investment Opportunities, Business for Sale/Wanted	9.50	33.00
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THE ARTS

The Orientalists/ Royal Academy

Roy Strong

Eastern promise and the lure of the Nile

Iconographic exhibitions are always tricky because naturally they are books and what we see hung on the walls is a series of illustrations. *The Orientalists* (Royal Academy until May 27) falls squarely into that bracket, although in an odd sort of way it comes off, in the main because of the extreme novelty of the subject-matter. Although the catalogue deals with the pictures alphabetically under artist, the exhibition is hung thematically, moving from an initial statement on the encounter of French artists with North Africa and the Near East as a result of Napoleon's campaigns, through a room devoted to landscape and topography, to ones dealing with more limited subject matter: women, biblical episodes or portraits.

I do confess to wincing every time these fine rooms are used for temporary exhibitions, and this is no fault of the designer. He has done his best. But to witness this perpetual desecration of one of the grandest suites of rooms in London outside the royal palace is depressing. Is the Academy really so penniless that it has to maintain a level of exhibition production at times rivalling a canning factory? Time and again the grandest work of all, Michaelangelo's *Tondo*, vanishes behind a temporary décor. Is there not some loss of balance and perspective?

A detail from "The Journey of the Magi" by James Tissot

Putting aside that *cri de coeur*, let us consider the exhibition. It has obviously laboured under difficulties because into the front of the catalogue is tucked a paper cancelling a pretty long list of loans. An attempt to fill these gaps has been made, but the items are clearly second best.

One has to be honest and say that the bulk of the subjects that are covered depend on fulfilling preconceived fantasies about the East, and pretty crude and naïve ones at that. These stem from notions as varied as the area being all the same, which it clearly is not; that it is unchanging, which is also not true; and that its civilisation epitomised qualities as varied as corruption, indolence, sexual liberation, ancient infidel piety or the virtues of the noble barbarian. The result is a highly edited version of what western Europe wanted to see about North Africa and the Near East, and not what, in fact, they did see.

Painters of the last century were always, for instance, looking for suitably respectable vehicles to purvey soft porn subject-matter. The excitement of the enclosed life of women in the east and the notion of the harem and the bath provided an ideal repertory for images of titillation. The trousered odalisque languorously reclining developed into a minor industry running from Benjamin-Constant down to Renoir and Matisse.

On the whole these sultry beauties are western women *en travestie*. The bath, too, hinted at untold erotic experiences. In Gérome's canvas a half naked coloured servant attends upon a woman seated with her back turned to us. We see an image for the European sexual imagination repeated time and again from the eighteenth century onwards. Ingres, who never even went to the east, was the master exponent of this display of female nudity. What is missing from the exhibition is that other recurring theme, the slave market in which women could be purchased.

What is also missing is any concrete instance of the impact of the east on the re-presentation of biblical subject-matter, apart from a surprising and very interesting canvas by Tissot in his religious phase of the magi as three Arab chieftains in yellow journeying on camels. What a difference from the centuries which preceeded! Although the problem is dealt with in the excellent introduction it is never developed in terms of objects. The nineteenth century zeal for truthfulness led to a radical re-casting of traditional religious iconography in terms of human *types, clothes and setting.*

The marvellous Holman Hunt view of Bethlehem, one of the stars of the show, came from a man driven by such an impulse, to give the Bible story in an age of declining faith all the impact of historical veracity. These were to be antecedents of the awful biblical illustrations one remembers as a child that must have contributed so substantially to the decline of faith rather than averting it.

And then, of course, we're reminded of Cook's Tours and the forerunners of *Death on the Nile*. By the close of the last century the Near East and North Africa, above all Egypt, were fully opened up to European tourists, a development accelerated by the fact that vast tracts of the area were protectorates or colonies of either Britain or France anyway. The same impulse that produced Canaletto's picture postcards for the rich of Venice were to provide clients for more adventurous painters in the picturesque and topographical traditions. Gleyre's work, of which there is too much, rarely arises above the mechanical but there are some notable oils by Edward Lear, especially the noble *The Cedars of Lebanon*, which received such a poor press in England at the time. But a lot of it is run-of-the-mill records of pyramids and temples, miles of sand and exotic dress. It is pure information before the camera took over.

The title of the exhibiton *The Orientalists* almost suggests a group of artists or a stylistic movement. Neither is true. The strongest case made by the organisers is for the impact of the experience of eastern light on impressionist painters. That is admirably dealt with. What the catalogue does not do is refer to the immense vogue in the theatre for things oriental. The sensational impression of the ballet *Scheherazade* with Bakst's fabulous decor has surely left a more indelible image on our minds than any single picture in the exhibition.

The Western Women/Lyme Regis

Martin Dreyer

What is it about communal theatre that causes even the most hard-headed critic to go whoopingly native? Among the favourable Press comment on Ann Jellicoe's Colway Theatre Trust over the past five years, for instance, I note one national paper's reference to "fine Dorset faces." Applied to the *least regionally-differentiated* race in Europe, this meaningless phrase is perhaps a symptom of the Woolly Poetics, a virulent if short-lived condition affecting literati who venture beyond the *cordon sanitaire* of the Home Counties, especially prevalent in school gyms, parish halls and tithe barns.

I never saw *1789* and have yet to be convinced that "promenade theatre" is anything but a modish fad. Nothing is less conducive to involvement or *even sympathy than being* jostled by someone in fancy dress, standing or uncomfortably seated for two hours with the variable sightlines and audibility of usually unsuitable venues. Add a mainly non-professional cast and you attain a degree of self-consciousness in both performers and public that makes this the most archly artificial dramatic convention dreamed up by anthropologically-inclined theorists

This year the people of Lyme Regis tell the story of the town's *defiant repulse of a Royalist* siege in 1644. Ms Jellicoe and her local cast flesh out the bones of Fay Weldon's story (historical advice by John Fowles) of how the women relieved their exhausted menfolk at the defences. This part is disproportionately short: much time is devoted to building up a picture of the community, its bickering as well as its solidarity, the importance of family, religion and, above all, property.

One sub-plot charts the tragic *career of a runaway girl who*, fleeing an arranged marriage, goes to perdition among the cavaliers, a crowd of Van Dyck-clad Hooray Henrys. Maurice of the Rhine is portrayed as a brutish Hun without that dashing incompetence that characterised his scatty, gifted family.

The play's final irony when *the women, having saved the* town, revert to their second-class status, is abruptly sprung on us; as if authors and directors are as puzzled as we are and can offer no explanation.

Playing their predecessors, the citizens illustrate the paradox that trained actors are better at projecting naturalness than ordinary people are. The second half's choric speaking (shades of *Murder in the Cathedral)* is powerful, and there is some beautiful singing. Confident movement reflects Ms Jellicoe's long rehearsal period; but this struck me as therapy, not theatre. As I turned my fine Maida Vale face homewards I *felt like the curmudgeonly* stranger at the feast, subjected to a family party-piece of more importance to the participants than the spectator; and of very little importance to the outsider.

Starlight Express/Apollo Victoria

Michael Coveney

Although the new Andrew Lloyd Webber musical is clearly "Cats II," *the astonishing first* act goes much further than did *Cats* in creating an original environment within a large proscenium theatre. In the stalls, *you are sitting in a roller rink* whose paths meander like Scalextric up the side walls and join in a huge metallic bridge which itself detaches and floats into the night air. I imagine Space Mountain in Disneyland to be something like this.

From the heavens, a race is announced and the theatre shudders and brings forth its hardware and roller-skating cast of international trains resembling some weird manifestation in a Spielberg movie of ethereal baseball players in Darth Vader masks topped with miners' lights.

Just as *Cats*, whatever its faults, was not twee, so these specimens of rock and rolling stock are a far cry from Ivor the Engine. The musical, in its best moments, surges out and around the building like a stage version of *Rollerball* and ironically establishes the value of steam engines at the expense of the diesels. This then disappointingly unravels as a Thatcherite message of self-improvement, finding what you have within you and jolly well pulling yourself together.

This side of the show, which becomes preponderant in the second act along with some unsatisfactorily untying of rivalries and romances, I can live without. The evening is more *or less through-composed* and, while brimming with concepts, is short on actual book. The lyrics of Richard Stilgoe are now witty, now anodyne, but they are no worse than anything Tim Rice wrote.

Leonard Burt

Stephanie Lawrence and Ray Shell

The excitement of Trevor Nunn's production — and he collaborates again with John Napier (design) and David Hersey (lighting)—lies in the physical language he and choreographer Arlene Phillips have devised for these rocking trains, shimmying on their speedy wheels, hurtling at high speed, and I should think, some danger, around the house in the three heats that precede the final run, and the ingenious, refreshingly contemporary incorporation of robotic body-popping that you see black kids performing on street corners in both London and New York, not to mention on TV pop videos.

At the same time, Mr Lloyd Webber continues his parodistic adventures through rock idioms of the 1950s and 1960s, adding to telling dramatic effect a good strong blast of Country and Western, Blues and even, at the *end, hot gospelling.*

As ever a technical perfectionist, Mr Lloyd Webber's orchestrations (with David Cullen) and sound system provide another dimension of physical pleasure, with brass and saxophones blazing away under the great thrust into the stalls, and great synthesized washes of sound tumbling from all quarters of the roller rink.

The costumes prevent the individual performers from being swamped in all this, and one or two — notably the lithe and sensationally graceful Jeffrey Daniel as the bisexual Electra, and Frances Ruffelle as Dinah, the uncoupled wagon with a crush on the Greaseball Gang leader — are outstanding. But this is a company show and the weakness of songs like "Only He" (delivered charmlessly by Stephanie Lawrence) is that the trains' characters are not sufficiently interesting to justify stopping the action.

Lon Satton makes his presence felt as the voice of Starlight Express, a sort of spiritual washing powder that floats down to the disheartened central underdog steam engine, Rusty (Ray Shell), like a twinkling, disembodied Macy's shop window at Christmas time. At this point Mr Hersey's back wall makes you feel you are inspecting a major city from the air by night.

In *Cats* the theatre moved once and *Grizabella* joined the Heavyside Layer through the roof. This show keeps the action more generously spread throughout, even down to the *West Side Story* style "rap" as the contestants build up for the big one and give the outer walls some punishment. The route itself is marked for each race *by plastic walls rising* hydraulically from their tracks and such moments have a wonderful air of promise and expectancy. You could definitely send the children.

Saleroom

A painted panel by Paul Klee, *Insel*, sold for £308,000 yesterday at Sotheby's morning sale *of Impressionist and modern* paintings. The buyer was the Swiss dealer Beyeler. The same dealer also paid £242,000 for a Renoir nude.

Another Renoir, a pastoral study featuring a seated girl in a white dress, was left unsold and had to be bought in by Sotheby's at £210,000. This *raised the sale's bought-in per*centage to 36.5. But apart from this disappointment the sale was brisk, totalling £2,290,200.

A private buyer paid £178,200 *for* Oskar Kokoschka's *painting* of the Santa Maria Della Salute

Wassily Kandinsky's *Zeichen* was bought for £145,200 by the London dealer Thomas Gibson and Chagall's *Profil bleu, jaune et blanc* fetched £127,600 from an anonymous buyer.

A painting by Balthus, *La Sortie Du Bain* sold for £847,000 at Sothby's on Tuesday evening in an auction of pictures collected by the late Helene Anavi. The sale totalled £4,319,920, more than double the estimate. Under the terms of Helene Anavi's will, the money will go towards cancer research.

Another Balthus, *Jeune fille a la fenetre* was bought for £594,000 by Marlborough Fine Arts, while his *La dormeuse* went for £225,000. Max Ernst also sold well; his *La religeuse Portugaise* realised £275,000.

AMcA

Never Ending Story/Berlin

Ronald Holloway

First a bestseller for four years running, now adapted for the stage at a children's theatre, and shortly to make its appearance as the most costly film spectacle ever produced in Germany (a reputed DM 60m) —Michael Ende's *Unendliche Geschichte (Never Ending Story). To comprehend this* phenomenon fully, one doesn't have to be German—but it helps.

Ende's bestseller is far more *than just a book for young* readers. Like the best of Lewis Carroll and Robert Louis Stevenson, *Never Ending Story* is an exercise in fantasy and imagination. *The reader's trip to a far-off* "Phantásien" is more than credible in view of the young hero as a boy who has recently lost his mother, can't communicate with his mourning father, and is the butt of jokes among his school-mates. The twist in the story is what makes it memorable and rather extraordinary: *the boy begins to* peruse an old weather-beaten tome in a musty book-shoppe and suddenly, due to his own running-free imagination, finds *himself and his* private reactions in the very middle of the story!

Harald K. Reinke's stage production at the Berliner Kammerspiele is a treat for Ende fans. *This children-and-*youth theatre had already presented a version of the author's previous bestseller, *Momo*, and found half of the city's school classes lining up with teachers and parents on the street. As for *Never Ending Story*, there's the stuff of fables and myths in every shift of scenery as Bastian Balthasar Buchs is drawn into *the very person of his alter ego*, Atréju, who has to test his valour and cunning with a faithful horse Artax and, later, a Lucky Dragon in quest of the *Little Empress. And the ordeals* he finds set before him are the very fabric of Germanic mythology: a Sea of Sorrow, a Dappled Death, the Four *Winds, and so forth.*

Santiago Ziesmer is a convincing Bastian/Atréju in a production relying rather strongly on a sparse set with colourful costumes and the power of the spoken word to convey a trip to Phantásien, the Land of Dreams and Daydreams. As a prologue (with the author's stamp-of-approval) to the Wolfgang Petersen film production opening nation-wide this April, it was greeted quite warmly and enthusiastically by a knowing public. One never can be sure, but *Never Ending Story* has the makings to become a modern classic in German literature—a *cross between E.T. and Alice in Wonderland.*

Lady Macbeth of Mtsensk

Max Loppert

The concert performance at Logan Hall, by Chelsea Opera Group of Shostakovich's opera must be counted the most ambitious undertaking of this year's Camden Festival. By and large ambition paid off. *Lady Macbeth* (1930-32) is a stunning virtuoso score, perhaps the key *work of its composer's first* period; it can, with hindsight, be seen as the point of confluence of every earlier compositional tributary.

It has to be said that Tuesday's showing under Howard Williams was in some places hardly more than a valiant rough sketch. The extra brass band which lends the erotic and grotesque climaxes such a charge, was assigned to the hall's top tier; ensemble between main and subsidiary forces was often chancy. The acoustical dryness acted as a continual depressant upon the natural exuberance of the music. The complicated choral writing was reduced on occasion to faintness.

And yet, for all that, it was an evening of great excitement. A performance of this kind, with some of its cameo roles only modestly taken, may make one wonder whether there *exists an imaginative disparity* between the opera's most stirring episodes, those concerning the heroine and her downfall, and those others in which Shostakovich aims, not always *successfully, at a turn of* grotesque farce. And a lack of deeper involvement in the drama may stem from the way the composer appears to have *intentionally kept its enactment* to the surface, avoiding psychological insight into his characters.

Success or failure depends, finally, on the performance of the heroine; and here COG's admirable shrewdness of casting justified the whole venture. Phyllis Cannan's recent transition to soprano roles has largely been completed. She could refine still further her actual tone quality (sometimes it was difficult to distinguish notes supposedly pitched a semitone apart); but in full sweep this was a Katerina of lustrous fascination, passionate, vigorous and highly dramatic. Donald Stephenson's Sergey, despite a voice of perhaps less apt quality, was no less strongly in character, and in important *lesser roles*, John Gibbs, *Anne* Conoley (making a welcome return to operatic performance), Paul Wilson and Brian Bannatyne-Scott distinguished themselves.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

March 23–29

Exhibitions

WEST GERMANY

Bielefeld, Kunsthalle, 5A, Ladebockstrasse: A Picasso exhibition focusing on the artist's depiction of death. Ends April 1.

Brunswick, Herzog Anton Ulrich Museum, 1 Museumstrasse: "First-hand painting" has more than 80 sketches in oil, dating from the 16th to the 18th century by roughly 50 European artists, among them Rembrandt, Rubens, Tintoretto and Boucher. These initial studies sketched with crayon or coal up to the end of the 15th century, were carefully hidden from the public but have been discovered and recognised as an especially attractive art form. Ends April 1.

Aachen, Sürmondt-Ludwig-Museum, 18 Wilhelmstrasse: French painting from Watteau to Renoir has 49 landscapes, still-lives and portraits from the 18th and 19th century. Ends April 8.

Cologne, Wallraf-Richartz-Museum, An der Rechtschule: Fifteen paintings by six Dutch masters of the Utrecht school of painting dating from the 17th century, on loan from the Utrecht Zentralmuseum. Ends May 20.

Hamburg, Kunsthalle, 1 Glockengiesserwall: This is the only venue in the Federal Republic of a *unique exhibition* of drawings by Leonardo da Vinci, on loan from The Royal Collection at Windsor Castle. The fifty exhibits on the subject of nature and landscape are part of the large collection of roughly 600 drawings by the Italian master owned by the British Royal family. Ends May 6.

PARIS

William Bouguereau: An exhibition which continues the present rehabilitation of academic art of the *second half of the 19th century*. Petit Palais. Closed Mon. Ends May 6 (265 1273).

Camille Claudel: 70 sculptures accompanied by paintings, drawings and engravings prove the individuality of Rodin's pupil who, through her realism and, later on, a sense of the theatrical, found her own way. Musée Rodin. Closed Tue. Ends June 11 (705 0134).

Pierre Bonnard: an important retrospective of the painter whose canvases filled with colour and light glorify the beauty of the human body as he painted time and again *Marthe, his wife, at her toilet*, in her bath. His Mediterranean landscapes radiate the same joyous love of nature. Centre Georges Pompidou (278 7995). Closed Tue. Ends May 21.

Masterpieces of American Painting 1760-1910. More than 100 paintings – among them Whistler's Mother, Sargent's Madame X and Mary Cassatt's Impressionist work – span 150 years of American creation. The panorama of realistic portraits, dramatic landscapes, genre scenes and symbolist paintings culminating with Homer and Eakins proves abundantly that the New World did *not have to wait for the contempo*dary period to affirm a powerful identity of its own. Grand Palais (261 5410). Closed Tue. Ends June 11.

ITALY

Venice: Museo Correr: Until a year ago, there was not a single painting by this Venetian master to be seen in the city (there were in fact two – but in private collections). The local council has now acquired two large and splendid paintings with interesting documentation concerning their restoration.

Florence, Pitti Palace: Raphael paintings and drawings. The exhibition has drawn such huge crowds that the opening hours have been extended – something almost unheard of in Italy. Now open from 9am until 7pm (closed Monday).

VIENNA

Out Of Steppe and Oasis: *A colourful* exhibition of treasures from the high desert plateaus of Turkestan, the heartland of Central Asia, stretching from China to the Caspian Sea, many brought back by 19th-century Viennese travellers. A display of artistic skill applied to household articles and clothing, carpets, saddlebags and especially jewellery, that a nomadic people could carry *with them on their camels*. Museum of Ethnology (Völkerkundemuseum). Until April 30.

BRUSSELS

Musée d'Art et Histoire: *Reconstruction* of the chamber of the Bulls of the Lascaux Grottos, closed to the public through fear of damage and pollution affecting the drawings. Until April.

Société Générale de Banque: Sundials, astrolabes, watches, clocks and marine instruments. Ends April 7.

LONDON

ICA: William Morris Today – a documentary for the 150th anniversary *of the sage's birth, celebrating his* ideas and principles rather than his practical work in the arts and crafts. Morris was a romantic and visionary, one of the most important of British theorists of early, idealised Socialism; and if his vision has manifestly failed to be realised, it remains nevertheless in so many respects admirable and always honourable. He was a designer of genius, though a poor painter and indifferent poet – and in the longest run it is as a designer that his work will stand. Ends April 29

HOLLAND

An extensive collection by the Dutch artist Bram Bogart from 1951 to 1980 is on view at the Museum Boymans-Van Beuningen, Rotterdam, to March 31. Bogart, born in Delft but a long-time resident of Belgium, is an Expressionist who has recently discovered the joys of updated pointillism.

Rembrandt: The artist's home and *etchings each Sunday at 2pm until* the end of April. The Rembrandt House and Museum is at Jodenbree Straat 4-6, Amsterdam.

NEW YORK

Cantor Sculpture Centre: Set against a spectacular view of New York atop the World Trade Tower, 35 Rodin sculptures are displayed in the enlargements and reductions carried *out by Rodin collaborator and re*producer Henri Lebosse. One World Trade Center, 105th storey

Metropolitan: Rembrandt, Vermeer, Hals, van Ruisdael and Steel are *among the 17th century master*pieces from the Royal Mauritshuis Picture Gallery in The Hague taking *up temporary residence in com*memoration of 200 years of Dutch-American diplomatic relations. Ends April 15.

International Center of Photography: David Bailey black and white photos of swinging Britain in the 1960s include the faces of that time such as Jean Shrimpton, Mick Jagger and David Hockney. Ends April 1.

National Academy of Design: The 159th year of the annual show of new and established artists consists of 200 works, comprising 89 paintings, 53 sculptures and 96 watercolours and graphics. Ends April 5.

Picasso: The Last Years (Guggenheim): A show of one tenth of one per cent of Picasso's last decade of work still has 200 pieces in it, showing a restless spirit trying to capture the last personal vision by dint of sheer energy working at a furious pace. Ends May 6.

WASHINGTON

National Gallery: Thanks to its popularity, the *Aztec show of artifacts* from the Spanish conquest to the 1978 excavation of Tenochtitlan – the largest show of its kind ever in America – will extend its run to spring. Ends April 1.

CHICAGO

Museum of Contemporary Art: With the assertion: "The arts in West Germany today are dynamic and strong, and constitute one of the most important sources for contemporary art trends in Europe and America," this recent Chicago institution is putting on three German *shows, of artists* Rebecca Horn, Dieter Roth and 100 works of five neo-Expressionists. Ends April 1.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
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Thursday March 29 1984

South Africa waits for gold

SOUTH AFRICANS were expecting a tough budget and they have been given one. The toughness reflects "harsh realities" which the finance minister, Mr Owen Horwood, described in his budget speech yesterday. These are the weakness of the gold price, the sluggishness of South Africa's other exports, and the impact of drought which has not only depressed economic activity but led to a substantial need for the Government to bail the farming sector out of its indebtedness.

The other harsh reality—not mentioned, but nonetheless pressing for that—is that South Africa can take no cue from Mrs Thatcher in controlling government spending. The country's political system and pronounced economic disparities create a remorseless appetite for funds which cannot be denied. Defence spending is scheduled to rise by a fifth in the coming fiscal year, set against a three per cent fall in the country's real GDP in 1983. The housing programmes for urban blacks have to continue. The need to improve black education is an imperative—the leaders of South African industry single this out as one of the prerequisites of resumed growth. So spending on schools is budgeted to rise by 23 per cent in the coming year.

Tight ship

The third element in the equation is that the South African authorities like to run a tight ship in monetary and balance of payments terms. The country's overseas credit rating is kept impeccable with a debt service ratio of only six per cent of export earnings. The Reserve Bank, under the redoubtable leadership of Dr Gerhard de Kock, enjoys a fair degree of autonomy. It is keen to borrow from the IMF, not because it needs the foreign exchange, but because it likes the IMF conditions that come with the money. Money supply control has been rather erratic but government borrowing from the banking system has been kept strictly within the IMF's demands.

The upshot is that South African interest rates are extremely high: the prime rate rose recently to 21 per cent, set against an inflation rate of less than half that. And Dr de Kock would probably have to drive them higher unless taxes are raised to reduce the government deficit while allowing state spending to continue. South African VAT was raised from six to seven per cent in February. So in this budget Mr Horwood has singled out business as the chief victim. Corporation tax has been raised from an effective 46 per cent to 50 per cent. Stock relief is being phased out, investment incentives reduced and leasing advantages removed. As a result it will be surprising if South African industry, taken as a whole, shows much earnings growth in 1984.

Economic limbo

The economy remains in a curious and precarious limbo — recession without a recession mentality. The Government is being exceedingly cautious in predicting resumed growth this year. Yet consumer confidence and borrowing has remained high in the face of the very high interest rates. Perhaps there is a subconscious expectation that gold will do its wonders again before too long. And perhaps the unaccustomed sensation of movement in the political sphere — the new and slightly more liberal consensus in white politics, the treaty with Mozambique and the thaw in relations with Angola — add to the underlying optimism.

The gold price had better rise. It is hard to conceive of any other adequate source of the wealth and growth South Africa requires to buy the time and make the investments needed to reform its doomed political system.

Responsibility for training

"IT IS the availability of manpower, and especially of skilled manpower, that sets the limit to our capacity to increase production . . . . what we must provide are the facilities for training and the will to use them when provided."

Those words have never been more true of the British economy than now, which is a shame. For they were spoken by Mr Reginald Maudling as Chancellor of the Exchequer in his Budget speech 21 years ago. He was endorsing a widespread belief that the training of a productive workforce is too important to be organised higgledy-piggledy. The result was in the 1964 Industrial Training Act, meant to unite central and local government, trade unions and employing organisations in the cause of ensuring the supplies of skilled workers the economy needed.

Responsibilities for training have since been reshuffled several times. Industrial training boards sprang up, but have mostly wilted in the shadow of the growing Manpower Services Commission—a quango nominally headed by a partnership of interests as envisaged by the 1964 Act and responsible to Parliament through the Secretary of State for Employment.

Protests

Of the seven boards left the largest, the Engineering Industry Training Board, has been under pressure from about a dozen big companies in its field. These wanted the EITB abolished on grounds that it was less than cost-effective, too police-like in attitude and, while efficient in training for traditional crafts and technicians' work, inadequate in promoting newer skills increasingly needed because of technological advances. The government has decided that the board will continue, subject to its becoming cost-effective, advisory rather than inspectorial, and more flexible in its procedures so as to cater for the newer kinds of skill.

The particular case of the EITB illustrates a problem which tends to affect training in general. Attempts to organise the activity centrally on a scale only as large as a single industry are apt to raise protests from individual interests against bureaucratic conservatism. It is nevertheless also true, as it was two decades ago, that training is too important to be organised higgledy-piggledy.

A further obstacle lies in the condition of the education sector. Where growing demand for new work skills can be foreseen, especially when they are likely to be needed by smaller companies without their own training systems, it would seem sensible for the relevant training to be provided in educational institutions such as polytechnics and further education colleges. But there is as yet only marginal central control over the provision of courses of the kinds required in such institutions. They are under the management of the various local education authorities.

To lessen the incoherence the Government proposes to strengthen central control over these institutions' training courses for qualifications of academic status below a degree. The Manpower Services Commission, which already allocates 11 per cent of the £800m spent annually on such courses, would by 1986-87 control 25 per cent, at the direct expense of the local authorities' spending power.

Shortages

The change is opposed by the associations representing the authorities. On the evidence of recent reports by the state educational inspectorate of largely unsatisfactory and often obsoletely equipped courses in engineering and other work-skills in polytechnics and colleges, the authorities do not have much to show for their management. They do, however, have a politically appealing counter-argument. It is that training is subordinate to the main concern of polytechnics and colleges, which is education; and education is too precious to be surrendered to centralised control.

With warnings of impending skill shortages coming particularly from high-technology industry, it would be wrong to let the change be blocked for the sake of traditional boundaries between central and local authorities and traditional distinctions between education and training. The proposed further transfer of spending power to the commission is relatively small and it could hardly work less effectively than the present arrangement.

But governmental bodies alone cannot produce the skilled workforce required by the nation. For the change to succeed, employers will have to take a more active interest in educational as well as training policy. To judge from the reports by the state inspectorate, their interest has been little more than perfunctory to date.

WORLD PETROCHEMICALS

Saudi Arabia plays an ace

By Carla Rapoport and Hilfra Tandy

AT 10pm on a recent Thursday night, the lights were burning in a four floor office in the gleaming new headquarters of Saudi Basic Industries Corporation (Sabic) in Riyadh.

A Sabic employee driving past the building pointed up to the lights and said: "That's the marketing department. They've started keeping American hours."

A quiet revolution is going on in Saudi Arabia, a revolution of an industrial kind. The *Middle Eastern country which* has been famous for oil wealth and deserts is soon to become one of the world's leading petrochemical producers.

This development will have an enormous impact on the international chemical industry — and chemicals may not be the only industry to be affected as Saudi Arabia acquires the knowledge to produce more than oil. Other oil-rich countries have attempted to develop local industry through the liberal use of the blank cheque, but Saudi Arabia has actually built the world's largest chemical development on time and without any major hitches.

Already some of the plants have been quietly coming on-stream and it is clear that the Saudis aim to enter the international marketplace with products that provide a profit as well as prestige.

Using its own natural gas as a feedstock, the kingdom will soon be exporting around $3bn a year worth of petrochemical *raw materials to customers* throughout the world. These companies will convert the goods into hundreds of domestic and industrial products, ranging from plastic bags to fertilisers. The country's export-driven industry—which is expected to account for between 5 to 7 per cent of the world's demand for petrochemicals by the middle of next year—is aimed at providing Saudi Arabia with a diversified industrial base which will survive the rundown of its oil resources.

The harvest is just about to begin

Western businessmen may find the country's industrialisation goals hard to take seriously, especially if they imagine that Saudi Arabians still munch sheep's eyes for lunch and spend their days driving about in large cars. If they do, they will be making the same mistake that many in the chemical industry did. And the harvest is just about to begin.

Europe's chemical industry, while more robust than, say, its cousin in steel-making, is not particularly healthy. Over-ambitious expansion plans of the late 1970s ran smack into the shrunken past rates of the early 1980s, leaving a huge amount of idle capacity during the recent slump. Large losses prompted most operators to shut down plants and shave back heavily on employment.

Even so, not enough has been done. Even with today's recovery in demand, over-capacity in ethylene, the industry's primary raw material, is running at around 15 to 20 per cent. Prices are sharply higher, but are still just 5 to 10 per cent above their 1979 levels. This is giving little room for providing any kind of reasonable return on capital in the business of making commodity petrochemicals such as ethylene and polyethylene.

These are the very petrochemicals that Saudi Arabia has targeted for export, in addition to methanol, ethylene glycol, and a few others. Methanol, which is mainly used to make adhesives, polyester fibres and petrol additives, is one of the most over-supplied sectors in the industry, with some 33 per cent excess capacity. Ethylene glycol, also in plentiful supply, is used both as an anti-freeze and in the manufacture of polyester.

Saudi Arabia is fully aware of all this excess capacity, but it has a very powerful ace in its hand. It is making its products out of the natural gas it had previously flared as a waste product. As a result, its new chemical companies are paying just 50c per m BTU (British Thermal Units) for their feedstock, compared with a European price of $4 to $4.50 per m BTU and a U.S. average of $3.30 to $3.50.

Also on its side are some very powerful allies. Nearly all its new petrochemical plants have been built by 50/50 joint venture companies, with the partners including well-established names like Mobil, Mitsubishi, Exxon and Shell.

Already, grumbles about unfair feedstock advantages have been surfacing in Europe and the U.S., with hints that trade barriers might be considered if the Saudis prove very successful in marketing their wares. To these intimations Saudi officials have a swift response.

"A fair number of people thought this development wouldn't happen. Our infrastructure was thought to be poor, our joint ventures would collapse, our production would be inefficient or our start-up wouldn't be smooth. Well, unfortunately, those sceptics have helped us to make sure that none of that happened, and none of it will," says Dr Abdulaziz Al-Jarbou, Sabic's project manager.

"If they (European chemical producers) haven't done what they've supposed to have done on rationalisation, I'm not to blame. They've known what we have been doing here for more than five years," he says.

Sheikh Abdul Aziz Al-Zamil, Sabic chairman and Saudi Arabia's new Minister for Industry, is even more direct. "Our plants are on-time and suddenly they are creating a threat to the world," he says. "We are importing their cars, their machinery, imports worth more than $20bn a year. The only thing we have an advantage in is these industries are based o ngas."

Sheikh Al-Zamil, 41, a Bahrainian-born industrial engineer, works prodigiously hard at his job and projects an air of deadly seriousness about what he sees as a mission to industrialise his country.

"The world has been passing through a recession and many areas have been hard hit. The natural reaction is to try to be isolationist on trade. But this is very short-sighted. We hope that America, Japan and Europe will not lose faith in the system of free trade. This is the system they have been defending and telling us is right for the past half-century and we believe them."

The excitement over the new chemical plants in Jubail on the Gulf and Yanbu in the West coast is nearly palpable in offices in Riyadh. Just an hour's drive north of Damman, the heartland of Saudi Arabia's oil wealth, the Jubail development (where most of the projects are located) is indeed a stunning vision of ultra-modern technological sophistication set in the Arabian desert.

The ambience of Jubail also contrasts sharply with Riyadh. American teenagers pedal about on bicycles; sailboats line the newly-built docks and public beaches are being landscaped on an inviting inlet some 5 kms north of the industrial complex. Residential communities, reminiscent of Southern Californian towns with palm trees in every garden, are nearing completion, *along with* shopping centres and public bus routes.

The Saudis hope that downstream development projects based on the new chemical plants' production will lure a population of some 350,000 people to Jubail by the end of the decade.

Managers of the Jubail plants have few doubts that their products will do well in world markets. They intend to respect current price levels and are already doing so in test marketing projects throughout the world. But if overcapacity remains throughout the industry and prices begin to slide, the Saudis and their joint venture partners are ready to cut prices just as fast.

"In Japan, we have shut down the bulk of our methanol capacity," says Mr Itoh, head of Saudi Methanol in Jubail. "If we can do it, so can Europe." On the issue of pricing, he says, "We do not intend to discount, but we have to compete. If others cut, we will cut."

It's a war in which the losers can already be quite easily spotted. The American chemical industry, with its giants like Du Pont and Dow, will be fairly well insulated from Saudi Arabia's entrance on world markets because of its large domestic market and because of the relatively high freight rates for shipping chemicals from the Middle East to America.

Much more vulnerable will be the European producers, notably the French and the Italians who remain burdened with more employees and capacity than needed in their chemical industries due to restrictive government legislation on employment.

"Japan has always been short of natural resources, so we were psychologically and physically prepared to take difficult decisions on cutting our chemical sector back dramatically," says Mr Jiro Kamimura, manager of corporate planning for Sharq, Sabic's joint-venture with a Mitsubishi-led Japanese consortium.

"But Europe still thinks it is strong in this industry," continues Mr Kamimura, "and even if it realises that it has deep problems on overcapacity, how can the various countries and companies get together and discuss it?"

In fact, they do get together to discuss the issues, but no agreements on a European-wide basis have so far been found for the problems of overcapacity. In the meantime, almost every one of Europe's major chemical companies are attempting to join the Saudis in some form or other.

Sheikh Abdul Aziz Al-Zamil, chairman of Sabic.

"It is a matter of life and death for Europe's petrochemical industry to connect with Saudi Arabia. Europe has to integrate itself, it needs economic feedstocks," says Mr Marcello Colitti, president of Enichem Polimeri, a subsidiary of the Italian state-owned energy group ENI. Mr Colitti's group has put its money where its mouth is by agreeing to participate in a downstream development at Jubail to make methanol derivatives aimed at the growing low-lead gasoline market in Europe.

But this is a relatively small venture and the Saudis are making it clear that they are satisfied with their current joint venture partners for the bulk of the marketing and exporting activity ahead. "You have a phrase, if you can't beat them join them," said a senior Sabic official recently. "well, that seems to be Europe's attitude today and I think it comes a bit late."

A war in which the losers can already be spotted

The Saudi plants will be fully on-stream within a year, a timescale which could painfully dovetail with the next downward cycle of the chemical industry.

"I reckon we've got about 18 months, maybe two years, to get our act together," says an executive at Enichem of Italy. And while the vulnerable European chemical companies work toward this deadline, the lights will still be burning late into the night in Riyadh.

Hilfra Tandy is editor of the FT's newsletter, World Petrochemicals Analysis

PROJECTED MIDDLE EAST BALANCE FOR LDPE/LLDPE

Nameplate capacity	1986 (000 tonnes)	1990 (000 tonnes)
Saudi Arabia—Sabic/Exxon	260	260
Sabic/Mitsubishi	130	130
Sabic Mobil	200	200
Algeria	48	48
Egypt	110	110
Iraq	—	60
Iran	—	100
Libya	80	80
Qatar	140	140
	968	1,128
Effective capacity	800	960
Local consumption	245	330
Surplus available for export	555	630
W. European domestic consumption	3,850	4,100

Low density (LDPE) and linear low density (LLDPE) polyethylene are used to make a wide variety of industrial and domestic plastics from shopping bags to cables.

Source: Industry estimates

Men and Matters

Jardine's hong over

It is difficult to convey the momentous impact on Hong Kong of the decision by the Jardine Matheson trading group to move its legal base to Bermuda.

The "princeliest Hong," founded by two Scots, William Jardine and James Matheson, in 1832, on profits from the opium trade, bought the first parcel of land sold when the Union Jack was raised over Hong Kong in 1841.

It helped nurture the commercial life of the Crown Colony — and in the process grew into a multi-million pound conglomerate, embracing financial, property, energy and shipping interests.

Today Hong Kong housewives are likely to wash their clothes in a Jardine brand of detergent, bought from a Jardine chain store.

Tourists arrive to have their baggage handled at the airport by employees of a Jardine joint venture; may stay at a Jardine-controlled hotel, and eat at a Jardine-owned restaurant.

Jardine's total holdings comprise a quarter of the capitalisation on the Hong Kong stock market.

The colony is run, according to the old saying "by the Jockey Club, Jardine Matheson, the Bank and the Governor — in that order."

And when David Newbigging was ousted by Simon Keswick last year after 10 years as chairman of Jardine, he had also served as a steward of the Jockey Club, on the board of the Hong Kong and Shanghai Bank, and as a member of both the executive and legislative councils.

Newbigging celebrated Jardine's 150th anniversary in 1982 by sponsoring a £100,000 firework display for the public — and emphasising the group's commitment to Hong Kong

But Newbigging saw Jardine as a Hong Kong company with international interests. Keswick, a descendant of the founding Jardine, sees it as an international group whose legal base just happens to be Hong Kong.

"I must warn you m'sieur—my father is a British delegate at the EEC, so I can say no in nine languages."

Slice of life

Few companies have had a slice of the action in overseas markets for longer than Birmingham-based machete maker Ralph Martindale.

Founded in the early 19th century by French Huguenot refugee called Chevasse, the business is listed as one of Britain's top privately-owned exporters in a survey by company agents Jordan and Sons.

It exports 99.75 per cent of its turnover, a greater share of sales than any other private company, to tropical farmers. It has a nice line in rubber topping knives and tea bush pruners.

Few Third World farmers seem happy without a machete, and Martindale's profits have grown accordingly from £884,000 before tax in 1980 to £1.2m in 1982.

"A lot of big machines in developing countries are lying rusting in open fields," says chairman Alfred Spencer.

The company picked up its English name in 1870, when Birmingham entrepreneur Ralph Martindale bought it from the Chavasse family. That, Spencer says, was when the Chavasses "went county and didn't want to engage in trade and industry any more."

Spencer, now in his late 70s, has spent much of his time selling Martindale machetes in Latin America. Now his jungle voyages are less frequent, but he rejects any talk about retirement.

Freedom fighter

Beecham's gain may be British industry' loss when Ronnie Halstead steps up from heading the company's consumer products division to become group chairman and chief executive in July. Sir Graham Wilkins is retiring after nine years in the top post.

Halstead, 56, has been an energetic campaigner for the wider cause of free markets but expects to have less time to devote to it over the next five years.

In the late 1970s, he was closely involved in the struggle with both Labour and Tory governments to free industry of price controls. In recent months, he has led the equally successful campaign to bring VAT on imports into line with the tax on home-produced goods.

"Those were big battles," says Halstead. "Of course, one was helping one's own company. It was not being entirely altruistic. But my priority now is to get the pharmaceutical business rolling again."

Much of Halstead's 20 years with Beecham has been spent in building up the pharmaceuticals division, at first in the UK and then, in the early 1960s, in the U.S.

Halstead's main relaxation is on the farm he bought six years ago in East Sussex. "I know as much about the economics of farming as our animal health chaps," he says. "I'm always testing our products on the farm."

Sniff of success

Trapped between the taxman and the doctors, tobacco is a declining industry—except for the snuff sector.

Snuff sales were up by 5 per cent last year and this should be good news for Sheffield, where a big chunk of the industry is based.

How did the "socialist republic," famed for steel and now for unemployed steelworkers, become Snuff City? It all happened a long time ago with the Wilson family.

The two factories, J. & H. Wilson, a subsidiary of Imperial Tobacco, and Wilson & Co. (Sharrow), an independent, are within a small stone's throw of each other.

The family split happened "sometime in the early 1800s," according to Mark Chaytor, snuff historian, and never healed . . . but that's Yorkshire.

Chaytor is managing director of Wilson & Co., the smaller of the two businesses. Age 61, he left the Navy and marine engineering to make snuff. He is a member of the Wilson family on his mother's side.

"Who takes snuff? Well, the clergy, people like archbishops —and barristers. Then the working classes. We always say snuff is taken by chorus girls and bishops."

The Sheffield connection goes back to Joseph Wilson in the 18th century. He was a silversmith but could never resist a new challenge—"he always said that whenever his wife had a new baby he got a new trade." Eventually he bought a recipe for snuff.

Observer

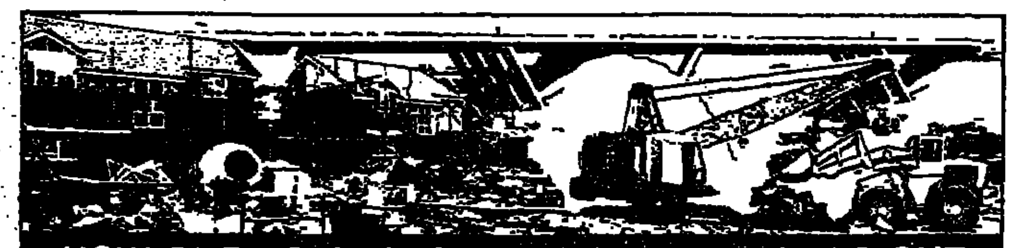
ECONOMIC VIEWPOINT

Infrastructure without emotion

By Samuel Brittan

MY DESK dictionary defines infrastructure as "airfields, telecommunications, and public services forming a basis for defence." In contemporary economic discussion, however, infrastructure is given a more civilian connotation and tends to mean primarily the stock of public capital which can be used without charge: roads, sewers, public buildings, parks, playing fields and the general visible stock of public amenities. In broader discussion the infrastructure also includes public utilities such as gas, electricity, telecommunications, and perhaps housing.

One only has to pick up the letters column of any newspaper to see demands for "more infrastructure investment." A good many come from interested parties, as the addresses reveal, but by no means all. The most frequent middle-of-the-road criticism of the UK Budget, which was otherwise widely praised, and which also stimulated demand, was that there was no special programme to "improve the infrastructure."



HOW PUBLIC SECTOR INVESTMENT LOSES OUT

Percentage change in expenditure totals in cost terms

	Estimated for years 1980-81 to 1983-84 Annual Average	Plans for years 1984-85	1985-86 Annual	1986-87	1984-85 1986-87 Annual Average
Planning Totals					
—as published	1.4	0.0	0.3	−0.3	0.0
—adjusted*	2.5	0.7	0.0	−0.5	0.1
Current Expenditure on Goods and Services	3.7	−0.2	−0.1	−0.5	−[illegible]3
Fixed Investment	−4.1	−13.8	2.2	−0.9	−4.2
Grants and Subsidies	3.6	−2.7	0.3	−0.3	−0.9

*By Treasury Committee

Source: House of Commons Treasury Committee

This article will inevitably be seen by the infrastructure lobby as an attack on infrastructure investment, which it most certainly is not. If the nation's sewers are in disrepair it is most important that they should be put right even if it means cuts in other kinds of public or private expenditure. Indeed I would be more upset than 99 per cent of other people if sewage spilled over into the streets or the drains became chronically blocked, as I am hypersensitive to the more Swiftian aspects of human existence.

What I do want, not necessarily to attack but at least to examine critically, is the idea that infrastructure investment is specially important for employment creation; and that at a time of high unemployment it is wise to increase public expenditure for infrastructure purposes in a way that would be unwise for other kinds of public or private spending.

If there are idle hands and unsatisfied needs, there should in a properly functioning society be some mechanism for bringing them together. The main mechanism, which tends to become clogged up, is the movement of prices and wages to market-clearing levels. Governments may be able to help by maintaining the total flow of expenditure — which economists call aggregate demand—at an appropriate level. But as we know from hard experience, there are strict limits to how far they can go if they are really to stimulate output and jobs rather than set off an ever-increasing inflation.

The question which I want to discuss is: in situations where demand can be stimulated, why is infrastructure investment preferable to any other kind of stimulus, such as tax cuts, other government spending, or lower interest rates, all of which stimulate expenditure on goods and services? Keynes once even suggested burying pound notes in holes in the ground, leaving the profit motive to do the rest. Friedman suggested dropping dollar bills by helicopter.

On the face of it, the preference for infrastructure is surprising. One would have thought that in situations of genuine demand deficiency one way of giving people pound, dollar or mark notes to spend would be as good as any other. Should not the case for repairing sewers or restoring public buildings be stated on its merits rather than as a magic means to higher employment?

One of the principal reasons why Keynes backed infrastructure investment, rather than other public spending or tax cuts, is that he retained a residual attraction for the notion *of a balanced Budget.* Until a couple of decades ago there used to be a "line" in the Budget Accounts. Items below the line did not correspond to capital investment as such, but were simply those items for which Parliament had given permission to borrow. Keynes, when he was helping Lloyd George in plans to tackle unemployment, assumed that infrastructure could be financed from special funds "below the line"—what the Americans call off-Budget expenditure.

This became very clear in Keynes's wartime exchanges with James Meade on postwar employment policy. Meade, who was the more logical Keynesian, argued strongly for deficit finance in time of slump, while Keynes himself was anxious to avoid overt deficits as long as possible and to stimulate investment by ways which did not show conspicuous red ink.

Now, however, even "sound money" governments, such as those of Germany and Britain, do not aim at balanced budgets as *such*, but simply to keep borrowing under control. The old conventions separating out "below the line" or off-budget items have gone; and economists differ by tens of billions on what the true public sector deficit is, whether in the U.S. or the countries of the EEC.

There is a second newer reason for favouring public works over other spending. This is that they have a much *lower import content.* Increased consumer spending, by contrast, leaks heavily into imports; and if pushed far enough, will depress the exchange rate, which will in turn produce an adverse impact on the inflation rate.

The argument is sound only in an insular context. Remember that the jobs gained by stopping leaks into imports at home are jobs lost by the exporting countries. If the main industrial nations concerted their demand management, the leaks would offset each other. Germany would benefit from a British stimulus and vice versa; both would benefit from the expansion of the U.S. economy. There are, after all, any number of economic summits and OECD and European Comunity meetings, where participants are only looking for some successes they can achieve in common.

A third argument relates not just to public works, but to public expenditure in general in contrast to tax cuts. This is the *leak into savings.* While direct Government expenditure is by definition all spent, some of the proceeds of tax cuts are saved. So a larger tax cut is required to have the same stimulative effect as a given public expenditure increase.

To which, one is tempted to reply "So What?" The greater demand potency of public expenditure is only a conclusive argument in its favour, if a particular government borrowing figure is treated as sacred.

If, however, the Government's borrowing objective is treated as an intermediate objective, designed to be consistent with non-inflationary growth, then it does not matter so much if one particular route back to higher but sustainable employment requires a higher public borrowing target than another.

There is a fourth and slightly better argument for public works, which is that they are *labour intensive.* Even apart from the imports and savings leaks, public works are supposed to create more jobs per pound, mark or franc of domestic expenditure. The cynical might say that workers on public projects are less productive and are paid correspondingly less. But a more serious interpretation is that the ratio of labour, especially unskilled labour, to capital and specialised management, is higher in infrastructure projects than elsewhere.

If labour is a surplus factor why not indeed direct economic growth into labour-using channels? This is true only up to a point. If a country's citizens desire to spend a high proportion of their marginal income on public projects, well and good. But if they do not, are not infrastructure programmes the dole in disguise? And would it not be better to concentrate on *developing employment in products* and services—whether public or private—for which people actually reveal a desire?

The Institute for Fiscal Studies' 1984 Green Budget contained an appendix by the London Business School on alternative demand stimulants. A continuing injection of £1bn a year via public spending (excluding transfers) was contrasted with a comparable cut in income tax. The resulting increase in real GDP was estimated to be twice as large for public spending as for tax cuts: and unemployment was supposed to fall by 185,000 compared with 30,000 in the income tax case, and to do so more quickly.

The greater potency of public spending stimulants in the LBS model partly reflects the imports and savings leaks attaching to private expenditure which have been already mentioned. But it also reflects an LBS belief that the private sector could absorb pretty large increases in demand without taking on much extra labour.

If this hypothesis is true, different inferences are possible from it. One is that the UK has had such a productivity miracle, and its growth potential is now so high, that a very rapid growth of monetary demand is now possible without inflationary risk. That is the case for a more expansionary Medium Term Financial Strategy rather than for a special emphasis on infrastructure.

An alternative, less optimistic inference is that despite the "surplus capacity" shown in business surveys, lack of capacity and technical skills adapted to present needs is the real obstacle to faster private sector growth. In that case, while infrastructure expenditure might mop up a quantity of otherwise unemployed labour, the surer long-term route to higher employment is more investment in the right new capacity. This might be called infrastructure in a very wide sense, but it will be encouraged more by lower real interest rates than by putting men into trenches.

At the end we are left with some macroeconomic case for some public works investment in some circumstances; the best recent occasion for it was at the bottom of the recession in 1980-82 and it perhaps may exist in some regional blackspots now. It is hardly the main cure for unemployment.

There are knowledgeable people who believe that the fabric of the country is rotting, and that it will be much more expensive to reconstitute it, if it is neglected now. They should make the case on exactly those grounds and argue for more resources in competition with other kinds of public and private spending. The best way to make sure that the sewers really do overflow is for sewerage experts to neglect their own expertise and to invoke controversial macroeconomic arguments of only partial and occasional validity.

Lombard

A blinkered view of U.S. policies

By Jurek Martin in Tokyo

WHEN Gary Hart began winning a few primaries, no country was more perplexed than Japan. At first blush, it is *difficult to understand why* Japan should have been taken especially unawares. After all, no country invests more time and effort in studying the United States. On top of normal diplomatic and commercial representation, individual miinstries even retain separate sets of lobbyists, consultants and advisers to cover the Washington waterfront, while American luminaries are brought to Japan by the dozen to explain the mysterious ways of Japan's most influential ally and its most important trading partner.

But it quickly emerged that Senator Hart had somehow slipped through the seams of the Japanese dragnet. Officials solemnly announced that new, special investigations were being conducted to discover who he was; in the meantime, Japan held its collective breath until suddenly it was let out with a giant sigh of relief. Gary Hart, official Japan pronounced, was all right, and certainly better than Walter Mondale, for one very simple reason; he was on record as opposing the local content Bill.

And this is indicative of a rather peculiar Japanese problem; having lived by the trade sword, Japan runs the risk of being hoist on it because of its extraordinary commercial myopia in assessing the rest of the world, above all the United States.

At the moment, for example, official Japan appears convinced that the biggest single issue in the American election campaign *is the state of the trade relationship* with Japan. Mr Noburo Takeshita, the Finance Minister, implied as much the other day after his latest bout of arm wrestling on financial reform with his opposite number, Mr Donald Regan. So does just about every other Minister now engaged in a singularly fraught and multi-faceted passage of bilateral negotiations.

This gives the Americans enormous leverage, more even than they traditionally enjoy. It instantly legitimises tactics like Mr Regan's table thumping bluster, which happens to disguise a staggering lack of familiarity with the Japanese financial system; it makes all the more effective the much more skilful and finely tuned *pressure now being exerted* by the Commerce Department to ensure that U.S. companies have a fair crack at a liberalised Japanese telecommunications market; it even elevates debates as sterile as that over a few tons of beef and oranges, which ought to be a footnote in U.S.-Japan relations, to politically critical levels.

Japan, had naturally, concluded, like many other nations, that Ronald Reagan was going to be re-elected and that it might be worthwhile to help him by making a few commercial concessions. The trouble is that the Americans, like Oliver Twist, are asking for more.

In return, Japan is asking for next to nothing, beyond a vague commitment to oppose protectionism, never worth *much from an administration as* inherently full of economic policy contradictions as Mr Reagan's. Had Japan shed its commercial blinkers and impressed upon the U.S. the political, economic, security and, even ideological values the two countries eshare, it might find itself in a happier negotiating position than it does at present, when it is being dragged down policy paths at a rate with which it is uncomfortable.

Prime Minister Nakasone thinks he has such an undertaking with President Reagan but, if it exists, it is purely at a personal level. Mr Nakasone should surely have appreciated by now that the President's involvement in the details of what his Administraion is doing is mostly tangential; in any case, the U.S. is now using this presumed personal rapport as another lever against Japan, as witnessed by its insistence that the Prime Minister impose "political" decisions on his government.

Which brings the circle back to Gary Hart. If Japan considers him only as a commercial animal, much as it does Mr Mondale, seen here only as the Arch Protectionist, and if either wins in November, then Japan will be as vulnerable as it appears today: unless it realises that there is more to the relationship than what goes into the inside of a motor car.

Letters to the Editor

Party funding and Euro-loot

From Mr T. McNally

Sir, — It is perhaps a sign of how our standards of public life and our sense of fair play that there has not been a greater sense of public outrage at the way £4.5m of taxpayers' money has been monopolised by the two old parties.

Margaret Van Hattem's article (March 27) has the neutral headline "Parties make creative use of pennies from Europe" and in her text she concedes that distribution is "somewhat lopsided." The fact is that a distorted, unfair and unrepresentative system of electing our members to the European Parliament has resulted in this grotesque misallocation of public funds.

Margaret Van Hattem draws attention to how the Conservatives have been able to lavish funds on PR conferences and pro-Conservative literature which are bound to have had a domestic political impact. She also draws attention to the previously little-known fact that the Conservative general funds may have profited by as much as £200,000 from prudent investing of the Euro-loot. So we have the hypocrisy of the Conservative Party with all four trotters well and truly in the trough and yet trying to retain a puritanical disdain for state funding of political parties.

In my home constituency of Tower Hamlets I recently noted in the local Press what was, by Labour Party standards, a quite lavish advertisement inviting local pensioners to "spend a morning with Neil Kinnock." Close scrutiny of the fine print revealed the attendance of the local MEP and a fraternal visitor from Belgium. This was quite clearly of secondary importance, however, but my unworthy thought is that the meeting and advertising was *financed from Euro-funds,* and that this wheeze has been repeated, many times over, around the country.

Likewise, Miss Van Hattem innocently states that "unlike the Tories, Labour has little faith in the efficacy of an advertising campaign in national newspapers, but it has been publishing impressive pull-out supplements in its own paper, Labour Weekly." I bet it did! But how much was that decision based on the efficacy of advertising in that largely unread journal and how much was it a convenient way of subsidising Labour Weekly with Euro-funds and thus Labour's propaganda effort in general?

My complaints are not simply *sour grapes from a member of* the SDP. The sums allocated by the European Parliament were out of all proportion to those usually available to British political parties. If the Conservative and Labour parties had not allowed themselves to be bedazzled by the sums on offer, they would have followed the procedure used in establishing European Parliamentary salaries and ensured that the sums available were tailored to British scales of election expenditure and that the distortions of the first-past-the-post system were not fed into the distribution of public funds. As it is, any retrospective equity which will be introduced into the system will owe more to the efforts of Piet Dankert, the president of the Parliament, than any striving for fair play by the British Conservative and Labour Parties.

Nothing can now be done to *prevent the abuses inherent in* both the funding system and the electoral system from effectively disenfranchising millions of British voters; but I hope those in the Labour and Conservative parties who want to create a democratic European community will feel just a little ashamed at how their parties have happily accepted short-term *financial* and political advantage at the expense of wider *ideals.*

Tom McNally.
GEC Information Systems,
Kemble House,
Kemble Street, WC2.

Trading in the EEC

From Teddy Taylor, MP

Sir,—Your long leading article (March 24) entitled "Shuddering on the brink" about the EEC negotiations stressed that the UK had been a major beneficiary from membership on the trade side.

This surprised me as official Government statistics show that while the UK had a nice surplus *in manufactured trade with the* EEC in every year before membership, there has been a large and growing deficit in every year since then. Last year (1983) the deficit reached another record at £8bn.

As regards volume of trade, it was also interesting to learn that our share of the European market for manufactured goods, at 6.1 per cent last year, was acutally *lower than 1972* when we had 6.3 per cent of this market.

Whatever the reasons for this alarming deficit in trade with the Common Market, I doubt if it is possible to refer to the post 1973 trends as a "major benefit."

Nor do I see much merit in your suggestion that we could benefit in the future from massive public investment on a Euroscale, whether on airbuses, computers, or other such activities in the field of high technology. The Conservative Government has wisely and correctly looked with little sympathy on plans for major increases in public expenditure on industry; and I do not think that the argument changes on a Euroscale.

Teddy Taylor.
House of Commons, SW1.

Tax coding notices

From the Chairman, Inland Revenue

Sir,—Mr David G. Eynon asks (March 22) why inspectors of taxes cannot wait until after the Budget changes are announced before sending out notices of coding.

I can assure Mr Eynon that it is not wasted work to amend PAYE codes before the Budget. Amendments are made only where a known change of circumstances means that a new code will be needed for the coming tax year, whatever the Budget proves to contain. Except for a small minority of cases, the Budget itself will not call for further code amendments to be issued to individuals.

Budget changes in the major personal allowances are handled by employers on instructions from the Revenue, so that a general issue of new codes by the tax office is not needed for these. For this reason the question of moving *Budget Day does not arise.*

(Sir) Lawrence Airey.
Somerset House, W.C.2.

The Budget and capital allowances—the rate goes up

From the Chairman, Tax Committee, London Chamber of Commerce and Industry

Sir,—The consequences on the amount of tax payable by companies as a result of the changes proposed by the Chancellor in his budget do not appear to be fully understood. Mr Robinson (March 26) has not appreciated the effect of clawback of past capital allowances. Indeed the position is worse than as set out in Anthony Jacobs' letter of the same day. As a result of the withdrawal of first year allowances, even with the lower rates of corporation tax, many companies will in fact be paying corporation tax at a higher rate than the former 52 per cent.

If one takes an example of a company with an annual profit of £400,000 and capital expenditure and depreciation of £500,000 the effective rate of corporation tax over the next few years becomes as high as 62 per cent as can be seen from the table.

In his Budget speech the Chancellor stated that after the change to the capital allowance rules the reliefs "would still on average be rather more generous than would be provided by a strict system of commercial depreciation." This would not appear to be the position, unless there are some special provisions in the Finance Bill and it is to be hoped *that the Chancellor will* find some way of avoiding this clawback of past allowances which would have a damaging effect on commerce and industry.

A. A. Forwood,
69 Cannon Street, EC4.

Y/E 31/3	Profit 400 + Decpn. 500 £000	Capital allowances £000	Taxable profit £000	Tax rate %	Tax payable £000	Effective rate %
1984	900	500	400	50	200	50
1985	900	375	525	45	236	59
1986	900	281	619	40	248	62
1987	900	211	689	35	241	60
1988	900	283	617	35	216	54
1989	900	338	562	35	197	49
1990	900	378	522	35	183	46

FINANCIAL TIMES
Thursday March 29 1984

DECLINE IN GOLD PRICE HITS PRETORIA'S MODEST RECOVERY

Taxes go up in S. African budget

BY OUR CAPE TOWN CORRESPONDENT

SOUTH AFRICA yesterday announced higher corporate consumer taxes in a budget designed to finance greater government spending without heavy borrowing.

The country had to face certain "harsh realities," said Mr Owen Horwood, the Finance Minister. Those were brought about by a marked decline in the gold price, sluggish non-gold exports and a severe drought.

Real gross domestic product had declined by about 3 per cent in 1983 over 1982, while the "modest recovery" underway required a marked improvement in the gold price if it was to gain momentum.

Mr Horwood told parliament that he proposed to raise an extra R1.6bn ($1.3bn) in fiscal 1984-85. The bulk of that would come from an increase in the general sales tax from 6 to 7 per cent implemented on February 1.

Taxes on companies other than gold and diamond mining will rise from a basic rate including surcharge of 46.2 per cent to a new rate of 50 per cent with no surcharge.

At the same time, the surcharge on formula taxes paid by gold and diamond mining companies will rise from 15 to 20 per cent.

The minister also moved to staunch what he described as "an alarming drain on revenue" caused by abuses of various company tax concessions.

In a move which will increase effective company tax rates, investment and initial allowances on industrial plants both leased and purchased, will now be spread over two years instead of one with two thirds allowable in the first year.

Mr Horwood warned that the rates of such allowances would be reviewed on or after July 1 1985, when existing investment allowances expire.

In addition, tax concession connected with the Lifo (last in-first out) accounting method, introduced in 1976, will be abolished on April 1 but will be effected "in such a manner as not to result in the immediate cancellation of the advantages enjoyed by taxpayers using this method."

An estimated R303m will also be raised by higher tax and excise duties on beer, cigarettes, petrol, motor vehicles and a wide range of luxury items including television sets, film, jewelry and furs.

Government spending is scheduled to rise by 9.4 per cent to R24.9bn.

One of the sharpest increases in government spending will be on defence, where higher salaries and equipment costs will push up spending 21.5 per cent to R3.75bn. The amount spent on education will rise 23 per cent to R4.2bn.

Revenue is scheduled to rise 15.4 per cent to R21.9bn and the higher revenue should permit a reduction in the budget deficit to R2.96bn from R3.75bn in fiscal 1983-84.

That will also contribute to a 14 per cent decline in the overall public sector borrowing requirement, which is budgeted to drop to R5.26bn from R6.12bn. South Africa intends to raise R425m on foreign capital markets in fiscal 1984-85 against R645m in fiscal 1983-84.

By keeping the government spending deficit to around 3 per cent of gross domestic product and ensuring that it will be financed without recourse to the banking sector, the budget "should prove consistent with the present overall financial strategy of maintaining a sound balance of payments and curbing inflation," Mr Horwood said. But he warned that taxes would be raised further if efforts to contain government spending failed.

Jim Jones adds: South Africa's trade surplus narrowed to R78.1m in February from R175.7m in January, according to figures released by the Department of Customs and Excise.

Exports in February dropped slightly to R1.82m, from the January figure of R1.85bn while imports rose to R1.74bn from the January figure of R1.67bn.

Editorial Comment, Page 22

Upturn in East-West trade likely to continue

By David Buchan in London and John Wicks in Zurich

THE Soviet Union is better placed than its smaller East European partners to reach 1984 growth targets. This trend, together with Western economic recovery led by the U.S., is likely to sustain last year's resurgence in East-West trade.

This is the main conclusion of the latest annual survey published yesterday by the United Nations' Economic Commission for Europe (ECE). The Geneva-based ECE is the only economic organisation to include both Eastern and Western countries as members and its reports thus provide the only official prognostications on East-West trade.

"Western exports to and imports from the East were more dynamic than with the rest of the world" last year, the ECE said. The main engine of this growth was a 3 per cent volume increase in industrialised Western exports to the Soviet Union, with rising Soviet capital goods orders outstripping smaller grain purchases, and a 7 per cent volume increase in Soviet shipments, mainly fuel, to the West.

In the Western economies, the ECE sees growth in the U.S. where gross national product rose 3.3 per cent last year as remaining "significantly stronger" than in Western Europe. But increasing strains are seen in the U.S. this year, particularly in financial markets, which could lead to a rise in U.S. interest rates. "Such an increase would reinforce the usual factors which tend to slow down the growth of GNP as the period of cyclical upswing is extended."

While other surveys had suggested there would be a modest increase of investment this year, there were still many factors working against a revival of investment in Western Europe. Among these, the report names high margins of surplus capacity, improved but still very low profitability levels and the continuance of high interest rates.

Should investment not strengthen significantly, European recovery might flatten next year at the same time as a weakening of economic activity in the U.S. This would have serious consequences not only for Europe but also for the indebted developing countries.

"For the latter, contineud growth in the industrial countries is a necessary condition for a fundamental improvement in their economic situation. In the absence of such an improvement, pressures on the international financial markets would reappear."

The Soviet Union, by far the biggest Eastern economy, is thought by the ECE likely to attain its 1984 goal of a 3.6 per cent increase in "net material product" (NMP) (which differs from the Western measure of GNP by excluding services). Soviet NMP is estimated to have grown 4 per cent last year, roughly the same as in 1982.

The goals of the six East European countries are more ambitious and thus probably less attainable – an aggregate NMP increase of 3.9 per cent in 1984 compared to an actual rise of 3.4 per cent last year.

The ECE notes that, after recent political and financial ructions in East-West trade, the Soviet Union and its East European partners in Comecon plan to increase trade among themselves faster than their total trade.

In fact, this plan did not work out in the early 1980s, because Western suppliers were better equipped to respond to demand than Comecon countries. But according to Soviet official trade figures published last week, Soviet two-way trade with Comecon rose in value by 6.9bn roubles ($8.9bn) in 1983, compared to less than roubles 1bn with the West.

Amdahl expects reduced earnings

By Louise Kehoe in San Francisco

AMDAHL, a major U.S. manufacturer of IBM-plug compatible mainframe computers expects reduced earnings in the current quarter.

Mr John C. Lewis, Amdahl president, said the company expected first quarter 1984 earnings to be less than those in the comparable period last year. After a record of improved earnings for the past nine months.

"We do not expect to make a loss for the quarter but it will be down from last year," added Mr Edward F. Thompson, chief financial officer.

Amdahl's 1983 first quarter net income was $7.4m less than half of the $15.7m net income for the fourth quarter of 1983.

"The results of our European operations will be below expectation for the first quarter due to order deferals," said Mr Thompson. Several customers in Europe have decided to wait for new Amdahl models announced earlier this month, rather than take delivery of current models, he explained. Shipment's of the new computer models will not begin until the third quarter of this year.

Mr Thompson said that the company was unable to determine why European customers, in particular, had deferred orders. "We think it has to do with our later response in Europe to price and product announcements by IBM," he said. The negative effect of currency fluctuations also affected European earnings, he added.

Amdahl said in addition that temporary production limitations on output of its disk drive had delayed shipments. "We are unable to keep up with demand," said Mr Thompson. The disk drives are manufactured in Japan by Fujitsu, a major Amdahl shareholder.

"Although these factors are expected to continue in the second quarter, company performance during the second half and the full year is expected to show improvements over last year," said Amdahl's president.

Black & Decker, the leading U.S. power tools manufacturer, yesterday completed its move into the electrical houseware industry with the $300m acquisition of General Electric's household appliance division, writes **Terry Dodsworth in New York.**

The original financial agreement has been adjusted under the final terms to give GE $109.8m in cash, plus 3m Black & Decker shares and about $32m in a three-year note. The note will be interest free for the first year, and carry a 9 per cent coupon for the rest of its term.

After extensive restructuring last year, Black & Decker showed a strong recovery in its first quarter to December, with net profits rising from $14.4m to $26.7m.

Shamir and Peres agree July date for general election

BY DAVID LENNON IN TEL AVIV

ISRAEL WILL hold a general election on July 23 some 16 months ahead of schedule. The date for the election was agreed upon yesterday in meetings between Mr Yitzhak Shamir, the Prime Minister, and Mr Shimon Peres, leader of the opposition Labour Party.

The Government was forced into accepting an early election, when it was defeated in the Knesset last week on three private members' bills calling for the dissolution of the House.

The defection of the Tami party, with three Knesset members, and two other coalition members robbed the Likud-led coalition of its majority in the 120-member parliament.

Labour wanted an election in May, while the Likud argued in favour of November. After two days of negotiations, agreement was reached to hold the election in July.

The lengthy election campaign is expected to put a severe strain on the efforts of the Treasury to enforce its austerity policy designed to help the economy out of its current crisis.

Mr Yigal Cohen-Orgad, the Finance Minister, has stated that he will not indulge in "election economics," but with the Likud currently trailing badly in the polls, he may not be able to resist party pressure to ease back on some of his austerity measures.

Recent opinion polls give Labour a big lead over Likud. This is derived from the public's dissatisfaction over the state of the economy, and the continued Israeli presence in Lebanon.

But past experience cautions against placing too much reliance on the Israeli opinion polls. Those taken when there is no early prospect of an election can often be wildly inaccurate, and even those conducted close to polling dates have tended to be wrong more often than they have been right.

In any event, with Israel's multi-party system, which in the past has prevented any party winning a majority, it is not necessarily the party with the largest number of votes which forms the coalition. The ability to build a coalition with the smaller special-interest parties could hold the key to success if Likud and Labour win roughly the same number of votes

In the coming weeks, the two main parties will also have to decide whether to contest the election with their present leaders, or to hold leadership contests. Both Mr Shamir and Mr Peres could face serious challenges from within their own parties.

General Ariel Sharon, the former Defence Minister, and Mr David Levy, the Deputy Premier, are two potential rivals for leadership of the Likud bloc.

Philips forecasts advance

By Walter Ellis in Amsterdam

PHILIPS, the Dutch electronics group, which this weekend effectively adds Grundig of West Germany to its list of major subsidiaries, expects its sales volume to increase this year by more than the 5 per cent achieved in 1983.

The company also expects profits to increase further this year, having recovered strongly to Fl 689m ($237.5m) pre-tax in 1983 on sales of Fl 56.2bn.

At a news conference coinciding with the publication of Philip's annual report for 1983, Dr Wisse Dekker, chairman, stressed that an aggressive approach to marketing was one of the keys to future sales growth, the others being a steep rise in productivity and adjustments in company organisation.

A new, small, lightweight video cassette recorder in the V2000 range is one of Philips' brightest hopes for 1984, while there is optimism, too, about Laservision recorders and about development of the compact disc audio systems.

Last year's profits recovery, which saw trading returns rise by 30 per cent, to Fl 2.75bn, stemmed from a turnround out of losses in the Netherlands and an improvement of about half in margins in North America. These two areas accounted for more than a third of total trading profits.

Guy de Jonquieres in London adds: Mr Gerrit Jeelof, a Philips main board director, said the company had set internal targets calling for Fl 50bn sales and Fl 1bn net profits this year.

Commerzbank profit doubles to DM 213m

BY JOHN DAVIES IN FRANKFURT

COMMERZBANK, West Germany's third largest commercial bank, virtually doubled its group net profit last year and is paying a DM 6 ($2.32) dividend per DM 50 share, after a three-year gap in payments.

Net profit of the group – including the parent bank, its mortgage operation and other subsidiaries in West Germany and abroad – advanced to DM 213m. This was nearly twice the DM 107m net profit of 1982 and almost seven times the 1981 profit of DM 31m.

Commerzbank has been hinting for months that it would pay a DM 6 dividend in the wake of a strong showing in operating earnings.

Other West German credit institutions have also been making a strong showing in operating results. Deutsche Bank, the country's largest bank, announced earlier this week that it was increasing its dividend for the second year in succession to DM 12 per DM 50 share.

Commerzbank last paid a dividend of DM 8.50 on its 1979 results before being overtaken by difficulties. Dr Walter Seipp, the chief executive, has presided over a recovery strategy since being brought in from Westdeutsche Landesbank in May 1981.

Looking to further expansion, Commerzbank is seeking shareholders' approval for possible future bond issues with warrants conferring the right of conversion into shares.

The parent bank would receive approval for bond issues of up to DM 300m, which would be offered to shareholders. Foreign subsidiaries would also be given formal approval for similar moves.

Jardine to shift base

Continued from Page 1

Bermudan company, to be called Jardine Matheson (Holdings).

Hong Kong and China activities would continue to be grouped under the existing parent company, Jardine Matheson and Co, which would in turn be owned by Jardine Matheson (Holdings).

The share capital of Jardine Matheson (Holdings) would be denominated in Hong Kong dollars, and would be quoted on the Hong Kong Stock Exchange in place of existing Jardine shares.

The reincorporation remains subject to shareholder approval, and the quotation of the new shares subject to approval of the stock exchange. Joint ventures with foreign groups would be vested directly in the new change.

Hutchison Whampoa, the diversified Hong Kong trading house, has reported net earnings of HK$ 1.17bn ($149.7m) for 1983 up 28 per cent from the previous year's HK$909m. In an unusual move the company has also announced the payment of a large, HK$4 per share, bonus dividend.

Hutchison, which has interests in property, transport, manufacturing, retailing and engineering, explained the bonus dividend as a move to avoid payments of a new tax

THE LEX COLUMN

Jardine slips its moorings

The unflinching determination of Jardine Matheson directors to keep their office furniture in Hong Kong is no doubt comforting in its way but, try as it did, the company could do nothing yesterday to soften the impact of its flight to Bermuda. Jardine's decision to transfer its domicile is as significant and symbolic a vote of no confidence in Hong Kong as can be imagined.

If the Jardine message needed any further reinforcement, Hutchison Whampoa was ready to provide it with a whopping special dividend payment, the implied consequence of which is a release of assets from the colony. How all this must have struck Hong Kong Land, which is furiously trying to whip up interest in central district office space, is anyone's guess.

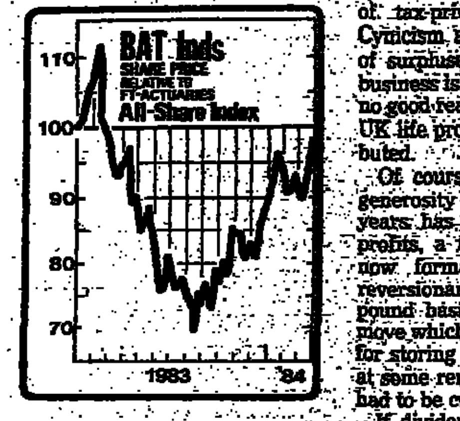
In London, the stock market was quick to receive the message, and prices were marked down sharply in anticipation of a selling spree when the local market reopened. The timing of Jardine's announcement could harly have been more unfortumate, coming as it did just when confidence in Hong Kong's prospects was seeping back and the corporate sector, to judge from Land's figures, was coming to terms with the damage of the past two years.

It is possible to quibble about Land's continued capitalisation of interest costs and its valuation of the Exchange Square site, but in most important respects the new management has done everything it can to wipe the slate clean. Write-offs have swept HK$8bn from shareholders' funds, leaving them roughly level pegging with debt at $13.7bn. This year, operating cash flow should turn positive, although Land may struggle to match its $3bn of capital commitments with disposals, even after selling the Jardine share package. But at least the borrowing peak is at last in sight.

BAT/Eagle Star

The simultaneous announcement yesterday by BAT Industries and its new insurance subsidiary of their separate 1983 results left Eagle Star looking a rather dull late arrival at a glamorous party already in full swing. But in its own quiet way, the new guest could yet prove equal to the more boisterous performances of some of BAT's existing operations.

The strength of the U.S. retailing boom has given BAT profit gains of up to 80 per cent in its U.S. store chains and has helped to push the



group into the top twenty league of U.S retailers. The BAT Stores subsidiary in the UK has also had an impressive year, cutting its turnover but increasing its trading margins from 0.7 to 2.4 per cent.

Its tobacco operations have achieved a remarkable turnround, with profits falling 20 per cent in the first half of 1983 but then climbing 10 per cent in the second half. In the U.S., BAT's new Macon plant and a series of price increases have lifted dollar profits almost 5 per cent despite a substantial volume fall. With specialised paper profits also surging in the U.S., dollar profits have meant foreign exchange gains of £28m, despite significant losses on this score elsewhere, and most notably in Brazil.

The end result for BAT, given a heavy bonus from its cash surplus, has been a 14 per cent jump in pre-tax profits to £979m. But Eagle Star has capped this with pre-tax profits of £90.3m, against £68m – though the reductions last year in underwriting losses on its UK motor and employers' liability lines may prove hard to follow in 1984, and it would be surprising if the second half has not seen some relaxation in its conservative provisions policy. It still looks as though Eagle Star will do little more for its new owner in 1984 than match the financing costs of acquisition – but BAT anyway looks capable of £1.1bn or more this year.

Prudential

Having attracted a degree of market opprobium when it lifted its interim dividend by a mere 10 per cent, Britain's Prudential insurance group has made an effort to win its public round at the year-end with a total increase of 27 per cent. There might be a hint in this of putting a brave face on losing the advantage of tax-privileged life premiums. Cynicism apart, however, the flow of surpluses from the group's life business is very strong, and there is no good reason why virtually all the UK life profits should not be distributed.

Of course, a spirit of actuarial generosity in the past couple of years has made for stronger life profits, a trend which the Pru is now formalising by putting its reversionary bonuses on a compound basis — a currently bullish move which may have the potential for storing up compound trouble if at some remote point bonuses ever had to be cut.

If dividend growth seems likely to follow almost on rails – to the point where the Pru's 466p share price is probably supported by a prospective 7 per cent yield – it also seems that Prudential is better able to defend itself under the new tax regime than some other life companies. And there is even some hope that its re-insurance losses may start to taper off.

Babcock

Dramatic profits growth in the UK engineering sector is now taken as read by the stock market and, after the recent string of encouraging figures, Babcock International's preliminary statement looked if anything rather dowdy yesterday. Profits rose by two thirds to £34.1m, even after £5.1m of exceptional provisions, and the shares responded with a 6p fall to 181p.

Good as it was, Babcock's performance only emphasised how much more can be squeezed out of engineering assets if the momentum of capital goods orders starts to gather pace. Volume and price contributed to the sharp improvement in the U.S. last year, at least in the consumer-related businesses, but to a great extent Babcock is generating cash and profit from the reduction in its cost base. Group sales showed no increase last year, and overall, the order book is 20 per cent lower than a year ago in cash terms.

Barring a sudden resurgence of enthusiasm for power stations and process plant, Babcock's progress will continue to be patchy, and the group may struggle to make £40m this year. The budget could add as much as £1½m to the tax charge, lifting the effective tax rate to perhaps 42 per cent. On that basis, the prospective multiple is about 8½ times, which hardly looks extravagant.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	17	63	Dubrovnik	Z	16	61	Malaga	F	18	64	Salzburg	S	17	63
Akrotiri	S	19	66	Faro	F	16	61	Malta	-	-	-	Seoul	F	8	46
Algiers	S	21	70	Florence	C	16	61	Manila	-	-	-	Singapore	F	29	84
Amsterdam	F	10	50	Frankfurt	C	12	54	Miami	S	24	75	Stockholm	Sn	0	32
Athens	S	19	66	Funchal	F	19	66	Milan	-	-	-	Strasbourg	F	15	59
Bahrain	F	22	72	Geneva	R	12	54	Moscow	C	0	32	Sydney	C	18	64
Bangkok	-	-	-	Gibraltar	C	17	63	Munich	S	15	59	Taipei	-	-	-
Barcelona	C	15	59	Guernsey	F	9	48	Nairobi	-	-	-	Tangier	F	17	63
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Readings at mid-day yesterday.

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

British yard saved from closure

Continued from Page 1

Mr Norman Lamont, Industry Minister, said "the currently bankrupt Scott Lithgow" would be reconstructed to meet its liabilities. The £71m cost to the taxpayer would be roughly the same as that of closing the yard, which made a £66m loss in the financial year to March 31, 1983.

Trafalgar's purchase, he said, would give Scott Lithgow "a fresh start and new hope." The gross cost to the Government in this financial year would be £88m. But this would be offset in future years by the £17m in loan repayments and deferred payments from Trafalgar.

Mr Lamont said that the BS external financing limit for the financial year ending this weekend had been raised from £158m to £268m, most of the rise attributable to Scott Lithgow and the rest to BS merchant ship activities.

The net cost to the taxpayer will represent the loss on the Britoil contract – it has been estimated that its completion could cost an extra £35m – and the legal dispute after cancellation, though this has now been reversed.

BS has also been talking to BP about completing its £55m rig, which is more than 90 per cent finished. BP cancelled its order this year, but a deal with BS seems likely after several weeks of talks. If no agreement is reached, Scott lithgow will complete the rig for BS to sell.

Mr Lamont said Trafalgar would invest a further £20M on retraining workers and on equipment.

The company said it was "totally committed to the success of Scott Lithgow." It would seek new agreements on working practices and manning. Gotaverken Arendal, the successful Swedish offshore yard, would be involved on a technical basis. "We hope to strengthen our relationship with them," Mr Parker said. Recent talks had "touched on the possibility" of Gotaverken taking a financial stake in the yard.

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by G.T.S. Damer, Frankfurt/Main, F. Barlow, R.A.F. McClean, M.C. Gorman, D.E.P. Palmer, London, as members of the Board of Directors. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. © The Financial Times Ltd, 1984.

SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Thursday March 29 1984

French BP reduces deficit sharply

By Paul Betts in Paris

SOCIÉTÉ Française des Pétroles BP, the French subsidiary of British Petroleum, yesterday reported a net loss of FFr 8m ($1m) for 1983, sharply lower than the deficit of FFr 143m the year before.

The company also reported an improvement in cash flow which was none the less again negative at FFr 4m. That, however, compares with a negative cash flow position of FFr 661m the year before.

The company is going ahead with the closure of its French refinery at Vernon, which will leave it with its large Lavera refinery with a capacity of about a 8.5m tonnes a year and a stake in a Strasbourg refinery.

The company is in the middle of heavy investments at Lavera to install a cracking unit costing about FFr 1bn. The bulk of the investment, FFr 800m, is to be spent over two years ending this year.

Like other refiners in France BP suffered last year from the modifications made by the French Government on its oil products price-fixing formula. Those have now been abandoned by the French administration after protests from the oil industry.

The BP subsidiary's target is to restore cash flow to what is regarded as an acceptable level of between FFr 350m and FFr 400m a year. Sales by the French subsidiary totalled FFr 29.9bn last year compared with FFr 27.8bn the year before.

Group bids for Harte-Hanks

By Terry Byland in New York

AN INVESTOR group is offering to buy out the equity in Harte-Hanks Communications, a newspaper, publishing, television and radio group based in San Antonio, Texas. The investors, including members of the senior management and of the families which founded the company, have put up a deal with a cash element of $627m plus subordinated debentures with a nominal value of $224m.

Harte-Hanks said members of the Shelton and Harte families will participate in the deal, some by selling their stock at the offered price, and some by exchanging some of their stock for a majority of the outstanding shares of the newly formed investor group.

The two families control about 40 per cent of the equity in Harte-Hanks, which owns 27 daily newspapers, 75 non-daily publications, four television and nine radio stations.

Members of the senior management will also participate in the buyout

Nicholas Hirst in Toronto describes how cheap Canadian electricity is revitalising a troubled metals industry

Aluminium lightens the gloom for Quebec

THERE WAS no hiding Mr René Levesque's pleasure when, as premier of the province of Quebec, he signed a deal to bring a C$1.5bn (US$1.2bn) aluminium smelter project to the deep-water port of Becancour on the St Lawrence River.

The usually dour politician has been even more gloomy lately as his separatist Parti Québecois has lost provincial by-elections and fallen sharply in the opinion polls. But between puffs on his seemingly ever-present cigarette at the signing ceremony. Recently, Mr Levesque was all smiles. "It means hundreds of jobs in construction and hundreds of permanent jobs," he said.

A Quebec government company, Société Générale de Financement du Québec (SGF), has taken a 25 per cent stake in the project, incorporated as Aluminière de Becancour. Pechiney of France has 50 per cent, and Alumax, owned by Amax, Mitsui and Nippon Steel, the rest.

Production from the first "pot line" with a capacity of 115,000 tonnes, is planned for mid-1986 and the second line, to bring capacity production to 230,000 tonnes, should come on stream in the autumn of 1987. A further increase in capacity to 345,000 tonnes a year will be made depending on market conditions.

Construction will need 1,000 workers and the two pot lines will require 850 permanent employees. That will have a negligible impact on Quebec's present 15 per cent unemployment rate, however.

For Pechiney, the attraction of Quebec is cheap electric power. For that, to some extent, Mr Levesque has to thank his political opponent and predecessor as premier, Mr Robert Bourassa.

Mr Bourassa supported the building of the massive James Bay hydroelectric project, presently providing a 25 per cent more capacity than is needed by the province and by exports to the U.S.

Quebec has become the beneficiary of a worldwide reorganisation of aluminium production. High energy costs in this energy-intensive industry have forced plant closures while demand is expected to grow between 2 and 3 per cent a year up to the year 2000.

Mr Robert Marcus, president and chief executive of Alumax, estimates that over the last four years 2m tonnes of capacity have been taken out of production by high-cost energy producers. The Japanese have shut almost 70 per cent of their capacity. Pechiney has closed two smaller plants in France, Kaiser Aluminum has closed a plant in Texas and Alumax itself has deferred an option to build a new facility in Oregon.

Quebec with its abundant hydroelectric power, has offered the Becancour consortium 40 per cent of the normal industrial electrical rates for five years, with agreement for cheap power for a total of 20 years.

Mr Jean-Claude Lebel, chief executive of SGF, estimates that with cheap power and Pechiney technology, which uses only 13,500 kWh of electricity per tonne of production, compared with an average 16,500 kWh for the U.S. industry, break-even costs will be around 45 cents a pound.

That would put Becancour among the cheapest producers and, with an average price now of 76 cents a pound, offers the prospect of substantial profit.

The consortium is not the only aluminium group expanding in Quebec. Alcan, which produces its own hydroelectric power, has brought its 171,000-tonne plant at Grande Baie up to full capacity and is shortly expected to announce its intention to go ahead with an estimated C$1bn project at Laterrière.

Canadian Reynolds Metals, which is to receive a similar cheap energy deal to that won by the Becancour consortium, is almost doubling the capacity of its Baie Comeau plant to 280,000 tonnes, and the Quebec government is having preliminary discussions with Kaiser Aluminum.

However, Alcan, the largest producer in Quebec with an annual output there of more than 800,000 tonnes, is concerned at the implications of the Quebec Government's direct involvement in the Becancour project through SGF. Alcan is worried that, through SGF, the government has become both a participant and the referee of the industry. With Pechiney having been nationalised Alcan fears that the growing state involvement in the industry might alter its economics and damage private producers.

Alcan's concern, nevertheless, is mitigated by its long standing good relations with the provincial government in Quebec and its respect for Pechiney.

It is clear that Pechiney was unwilling to go ahead with the Becancour project, about which it first had preliminary talks with the Bourassa government in 1974, without partners. Pechiney lost FFr 3bn (U.S.$360m) in 1982, and is believed to have made another, although much smaller loss, last year.

It raised U.S.$200m from international debt markets to finance its 35 per cent share in the Tomago smelter in Australia, which recently started production, and is raising U.S.$420m to finance its share in the Becancour project. Last year it sold its primary aluminium interests in the U.S. to Alumax for an estimated U.S.$230m and Alumax took an option to take its 25 per cent stake in Becancour.

SGF has been concentrating its investments in areas where it believes the province has natural advantages, including paper and forest products, hydroelectric equipment and now, through Becancour, aluminium production.

"One of the objectives is to transform the primary aluminium into downstream activities where there is a great deal of value-added return," said Mr Claude Helie, vice-president for finance of SGF.

SGF can take its share of aluminium production from Becancour and sell it or use it as it wishes. Plans for downstream investments at the moment remain tentative, but Mr Manley Schultz, SGF's vice-president for aluminium and a former Alcan executive, says that SGF is looking for larger projects in which it might again take a 25 per cent partnership stake, involving total investment of around C$450m.

Quebec government officials believe that with cheap hydroelectric power and a stable government they can attract many aluminium producers to the province. "All the aluminium companies in the world are interested in Quebec," said Mr Charles Beaulieu, a senior official with the Quebec industry ministry. Some critics fear, however, that the Becancour project could come on stream just at the top of the present economic cycle.

Whatever the future holds, the bringing of such a capital-intensive project to Quebec represents an important political success for a government plagued by international fears of its intention to bring about an ill-defined separation from the rest of Canada.

Since Mr Levesque's party first gained power in 1976 a stream of businesses have moved their head offices out of the province's main commercial centre of Montreal and an estimated 100,000 English-speaking residents have left.

The defeat of the referendum on independence in 1980 and the subsequent re-election of the Parti Quebecois on a "good government" rather than a separatist platform, coupled with pro-business government measures, have helped to change the image of the province for both foreign and Canadian investors.

Statistics Canada, the central government agency, estimates that investments in manufacturing industry in Quebec this year will jump by 30 per cent.

Enstar looks for friendly buyer

By Terry Dodsworth in New York

ENSTAR CORPORATION, the Houston-based oil and gas company with extensive interests in Indonesia, has put itself up for sale in an attempt to thwart a proxy fight for control by Mr Roy Huffington, its main shareholder. It has retained Morgan Stanley, the Wall Street investment bank, to search for a buyer.

The move follows an increasingly bitter fight between the Enstar board and Mr Huffington, a Houston millionaire and respected geologist, who was largely responsible for developing the group's Indonesian venture.

The battle began after a series of deals between the company and Mr Huffington's private interests, from which he emerged with 13.4 per cent of Enstar's voting stock. Partly because of the company's pedestrian performance – Enstar's profits fell by 29 per cent last year to $30m – he has since threatened to sell these shares in an initial step towards a full-scale takeover.

Enstar, one of the second division U.S. energy companies, with stated net worth of just under $300m, replied to these moves by a preferred stock issue designed to make the company more difficult to take over. Anyone acquiring 30 per cent or more would have to convert the preferred shares into cash at the highest price paid for the common shares.

This move, however, has attracted considerable criticism from shareholders, including the powerful Belzberg family of Canada, which holds 5 per cent of Enstar, which has sued the company for a scheme "designed to entrench the management."

In the face of this increasing opposition, Enstar's decision to sell out has been greeted enthusiastically by Wall Street, although there is some speculation that the management may seek to retain control by means of a leveraged buyout agreement.

Schindler forecasts improved earnings

BY JOHN WICKS IN ZURICH

SCHINDLER, the Swiss-owned lift manufacturer, expects group earnings for last year to have been slightly higher than in 1982, when there was a surplus of SwFr 41m ($19m).

Group sales rose 8.8 per cent to just over SwFr 1bn and would have grown a further 6 per cent but for the unfavourable exchange-rate alterations. Part of the overall increase, however, was due to the consolidation of Keighley Lifts in the UK and two other acquisitions in Spain and Canada.

Sales of lifts and escalators went up 9 per cent to SwFr 1.57bn last year, while sales of mechanical handling equipment, railway rolling stock and other products rose 7.7 per cent to SwFr 237m.

New order value jumped 14.4 per cent to SwFr 1.87bn, mainly because of a major rolling-stock order.

Net profits of Schindler Holding, the parent company, were almost unchanged last year at SwFr 12.89m, and the board is planning unchanged dividends of SwFr 12 on registered shares and participation certificates, and SwFr 60 on bearer shares.

Hasler, the Swiss-based telecommunications concern, increased its sales by 8 per cent last year to SwFr 625m ($291m). The value of new orders increased to SwFr 677m. Hasler will pay an unchanged dividend of SwFr 52.

Profits did not rise as fast as sales – due largely to a sharp increase in spending on development

Société Générale holds payout

BY PAUL CHEESERIGHT IN BRUSSELS

SOCIÉTÉ GÉNÉRALE, Belgium's largest industrial and financial holding company, is maintaining its net dividend at BFr 90 ($1.70) for the third successive year.

In gross terms, however, the dividend is slightly higher because withholding tax for investors covering 1983 dividends has been raised from 20 to 25 per cent.

The rise in values on the Brussels bourse helped the group's holdings to show a capital gain of BFr 10.9bn ($200.4m) over book value.

Dalmine sales drop by 27%

By James Buxton in Rome

DALMINE, Italy's leading maker of steel pipes, last year suffered a 27 per cent drop in sales and saw its profitability, which it had been successfully building up in recent years, drop to virtually nothing.

However, the company, which is 90 per cent owned by the state steel holding company Finsider, is still paying a dividend, albeit lower than that of 1982. It also holds out hopes of substantial overseas orders.

Sales amounted to L1,007bn ($630m) compared with the 1982 figure of L1,377bn. Net profits plunged to L120m after profits of L139.4bn in 1982 and L113.6bn in 1981.

The company dipped into its reserves, carried over from 1982, to pay a dividend of L30 a share compared with L70 in 1982.

Another Finsider subsidiary, Nuova Italsider, which operates Italy's main integrated steelworks, announced a loss for 1983 of L1267bn, compared with one of L1067bn for 1982. No sales figures were given, but the company said it would be asking shareholders to approve the writing down of its capital from L3,177bn to L1,907bn, to be followed by a recapitalisation to L3,171bn.

Saléninvest to omit dividend

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

SALÉNINVEST, Sweden's biggest shipping group, is to pay no dividend for 1983 following a second very difficult year in depressed shipping markets.

Substantial sales of shares and property helped to balance foreign exchange losses on its heavy debt, however, enabling the group to show a net loss of only SKr 3m ($391,000) compared with a net deficit of SKr 131m in 1982.

Saléninvest holds a dominant position in the world's refrigerated shipping market and is also involved in dry bulk cargo, oil tankers and oil drilling.

Helped by extraordinary profits of SKr 383m – mainly derived from the sale of property in Stockholm and the sale of shares in the Saba wholesale and retailing group – Saléninvest managed to produce a profit before tax and allocations to reserves of SKr 65m compared with a loss of SKr 384m a year earlier.

Further property and share sales together with the sale of ships should allow the group to show a profit before tax and allocations again in 1984, the management said yesterday.

Group turnover totalled SKr 5.27bn compared with SKr 4.9bn in 1982 with operating profits (after depreciation) in each year of only SKr 58m.

The group ran up net financial costs of SKr 200m and foreign exchange losses of SKr 176m resulting in a loss after financial items of SKr 318m compared with a loss of SKr 308m in 1982.

The main operating losses on the group's shipping activities came from the oil tanker division and results from the reefer division were also "unsatisfactory".

Provisions push HK Land deeper into the red

BY ROBERT COTTRELL IN HONG KONG

THE Hongkong Land Company, one of the world's largest property groups yesterday reported a HK$1.3bn (U.S.$164m) attributable loss for 1983 compared with a loss of HK$500m in 1982, adjusted for a change in accounting policy. Hongkong Land plans to pay a token 1 cent final dividend, to maintain the company's trustee status.

Mr David Davies, who took over last October as Land's chief executive, said that 1983 had been a "really disastrous year" for the Hong Kong property market. Land's profit-and-loss account carries an extraordinary debit of HK$1.45bn comprising write-downs and provisions against equity investments and development projects. The company has also taken direct to reserves a HK$2.9bn write-down in its portfolio of investment properties and a general provision of HK$2bn against properties under development

Land's shareholders' funds shrank from HK$19.95bn at end-1982 to HK$13.74bn at end-1983, equivalent to a shrinkage in new assets per share from HK$9.31 to HK$6.41.

Together with its results statement yesterday, Land published a preliminary balance sheet showing long-term liabilities of HK$13.35bn, together with a HK$1.9bn instalment payment due this year on the site of its Exchange Square property development in Hong Kong. Mr Davies said that group borrowings will peak at around HK$16bn in 1985-87, but would be amply covered by HK$22bn in available credit facilities.

Mr Simon Keswick, the chairman, said that the company's new management had raised HK$3.1bn in net cash proceeds from the sale of assets not regarded as central to operations. Recent group asset sales include an equity stake in the Hongkong Telephone Company, Hawaiian properties, and a reduction from 43.1 per cent to 25.5 per cent in the group's shareholding in Jardine Mathieson, the Hong Kong trading conglomerate. The Jardine sale took place in 1984, but a provision against Land's book loss on the deal was made in the group's 1983 accounts.

Mr Keswick noted that Hongkong Land had cancelled or deferred several major projects—including the terminated residential development at Redhill on Hong Kong Island. Mr Davies said yesterday it had not been determined whether Land would be called upon to pay its 35 per cent share of a HK$1.9bn instalment payment due in May on the Miramar site in Kowloon. Land is a shareholder in a joint-venture company, Beaux Estates, which had planned to develop the site. Another of

Mr Simon Keswick, chairman of Jardine Matheson.

Beaux's shareholders, Carrian, is in liquidation. Mr Davies said it would be for Beaux to decide whether or not to meet the HK$1.9bn call.

Mr Keswick also reported yesterday in his capacity as chairman of Jardine Matheson, Land's sister company. He reported a net profit of HK$139m, which together with HK$300m of exchange translation gains and HK$88m of extraordinary losses, made a profit attributable to shareholders of HK$351m. In 1982, Jardine reported a HK$708m net profit, reduced by extraordinary debits of HK$320m of attributable profits. Jardine charged against its 1983 profits a HK$195m provision against the value of its shipping fleet.

A final dividend of 30 cents makes 40 cents for the year, *half* the 80 cents paid in 1982. Earnings per share fell from HK$1.77 to 34 cents. Mr Keswick said Jardine is improving its cash flow and balance sheet, and that he is confident of a "substantial increase" in profits in 1984. He said Jardine's shareholders' funds stood at HK$5.3bn at end-1983, while the debt-equity ratio had been improved from 0.81 to 0.75.

Jardine owns 36 per cent of Hongkong Land. For 1983, the two companies have changed their method of accounting one another's profits for the second successive year. In 1982, when Land also owned 43.1 per cent of Jardine, the two companies equity accounted each other's profits, and adopted a formula called the "bogie method" to describe the compounding effect of the mutual stakes. For 1983 Jardine is equity-accounting for Land but making no allowance for the cross-holding effect. Land, meanwhile, has reduced its stake in Jardine to 25.5 per cent, and has accounted for Jardine in 1983 solely on the basis of dividends received.

Mr Keswick announced yesterday that Jardine plans to incorporate a new ultimate holding company in Bermuda. He said the move would obviate trading partners' anxieties about Hong Kong's future beyond 1997, when Britain's lease on the Territory runs out.

He said that Jardine currently employs about 70 per cent of its funds in Hong Kong, the balance overseas. He said he would like that ratio to move closer to 50-50, but this would be achieved through building up interests overseas, not reducing them in Hong Kong.

Mr Keswick said the Bermuda move would help ensure that Jardines continued to operate under a British legal system. "We are essentially a British-managed company," he said, adding that "we want to remain as long as possible under (British) jurisdiction." He said he expected news of the move to be a "one-day wonder" in the stock market.

Bermuda is a self-governing British colony 770 miles from New York. It has a local legislature, and right of appeal to Britain's Privy Council. Corporate tax there is nil, but Mr Keswick said this would not significantly affect Jardines, since its profits would generally continue to be taxed in the jurisdictions where they are earned.

Japan sanctions new mutual fund

JAPAN'S Finance Ministry has given the go ahead to Daiwa Securities and Kyoto Shinkin Bank, a regional bank, to put a new high-yield, high-liquidity money market product on sale, starting April 9, Kyodo reports from Tokyo.

The new instrument is a combination of a mutual fund that invests mainly in medium-term government bonds and ordinary deposits. It is described by a Daiwa executive as close to the "cash management account (CMA)," instituted in 1977 jointly by Merrill Lynch, Pierce, Fenner and Smith, and the Bank of Columbus.

According to Daiwa only those with ordinary deposits totalling at least Y400,000 ($1,782) at Kyoto Shinkin Bank may subscribe to the Japanese CMA program.

The interest on ordinary deposits is 1.5 per cent per annum and the expected yield on the mutual fund is 5.475 per cent.

● Nomura Securities, Japan's largest securities house, and the Chiba Bank, the second largest regional bank, have also agreed to jointly develop a high yield new financial instrument — "Swing Service"—combining an ordinary deposit account, a medium-term government bond fund, and a public and corporate bond investment fund. Both companies are to seek the Ministry of Finance's approval for plans to launch Swing in May, Yoko Shibata reports from Tokyo.

Nomura-Chiba's product is expected to provide a much higher yield than that of Daiwa-Kyoto because it incorporates a *public and corporate bond* investment fund with a yield of 7.63 per cent per annum, as compared with that of 5.475 per cent per annum for a medium-term government bond fund.

The new financial instruments are significant in that they give the Security Houses involved an account settlement function—something which was previously only the preserve of banks.

Packer to expand abroad

BY JOHN WICKS IN ZURICH

CONSOLIDATED PRESS Holdings, the Sydney-based media group, is planning to expand its activities outside Australia. Mr Kerry Packer, chairman and managing director, said that part of the proceeds of the group's SwFr 150m (US$70m) bond issue is to go towards building up international operations.

Consolidated Press Holdings' group sales were A$423m (U.S.$401m) in the business year ended June 30, 1983, of which A$140.5m was accounted for by television and radio operations and A$135.3m by publishing.

In the light of both the lifting of foreign exchange controls and the limitations of the Australian market, the company now wants to expand abroad.

"We shall be looking at the media, though not necessarily at newspapers," said Mr Packer.

AMIC forecasts improvement for 1984

BY OUR JOHANNESBURG CORRESPONDENT

THE Anglo American Industrial Corporation (AMIC), the industrial arm of the Anglo American group, suffered from lower turnover and profits in 1983 but is budgeting for an improvement in earnings in 1984. Mr Graham Boustred, the chairman, says in the 1983 annual report that although the South African economy is unlikely to improve in the first half of this year AMIC is budgeting for an improvement in earnings for the year as a whole.

Turnover dropped to R1.6bn in 1983 from R1.71bn and pre-tax profit fell to R242.7m from R297.8m. A lower tax bill left the after-tax profit at R200.5m against R244m in 1982.

Mr Boustred says that several of AMIC's major subsidiaries reported improved profits but its share of the 50 per cent-owned motor manufacturing associate Sigma's increased loss was R34.6m. The annual report says that Sigma has embarked on a programme to reduce break-even volumes substantially in 1984.

The R600m pulp mill being built by the 62.7 per cent-owned subsidiary, Mondi Paper at Richards Bay on the Natal coast is on schedule and is due to be commissioned in the fourth quarter of this year. Mr Boustred says that though the project has constituted a con*siderable financial burden it is* expected to generate a substantial cash flow and make a major contribution to AMIC's earnings.

An unchanged dividend total of 180 cents a share has been declared although earnings dropped to 357.5 cents a share from 416.3 cents a share in 1982.

Japanese steelmakers to cut spending

TOKYO—Three major Japanese steelmakers are to substantially reduce their investments in plant and equipment in fiscal 1984 starting next month because of a drop in earnings and uncertain business prospects.

Sumitomo Metal Industries, based in Osaka, will cut its capital spending by 40 per cent from the current fiscal year to Y80bn ($360m). Kawasaki Steel and Kobe Steel, both based in Kobe, also envisage sizeable cuts of 26.7 per cent and 23.9 per cent, respectively. Kawasaki will spend Y110bn and Kobe Y87.5bn.

Sumitomo said it will minimise new investments to repay debts. Kawasaki will focus its investment on the Chiba Steelworks east of Tokyo, while Kobe's investment will centre on production facilities for high-class and fine goods to diversify its product line. Kobe plans to borrow low-cost overseas funds to repay domestic loans.

Kyodo

مكتبة الأصل

A B·A·T Industries Report

Preliminary results for the year ended 31 December 1983

"Profits have more than doubled over the past three years"

Once again B.A.T Industries has achieved a substantial profit increase in difficult circumstances. The splendid performance of our retailing, paper and packaging businesses, and of our associated companies, has more than offset some decline in tobacco profits.

As a result, Group pre-tax profit rose by 14 per cent to £979 million, while attributable profit was 20 per cent higher at £547 million. The Group's profits have more than doubled over the past three years, a striking achievement by any standards. The latest improvements were achieved despite a modest increase of only 3 per cent in turnover, to £11,846 million.

These figures do not include Eagle Star, which was acquired only after the end of the year, and which is separately reporting today a 33 per cent increase in pre-tax profits for last year to £90 million, in line with what was forecast at the time of our offer.

The year brought many problems for our tobacco activities, and their trading profit declined by 5 per cent. Total volume was down reflecting higher excise duties and continued recession in many countries. We lost market share in the US and West Germany, although in the latter much was regained. We made gains in other markets, with exports from the UK doing particularly well.

Overall our tobacco profits were much improved in the second half of the year, as forecast in our interim announcement, and it is significant that they were also much better than in the second half of 1982. Productivity gains, especially in the US, made an important contribution to this profit recovery.

Retailing had an outstanding year. In the US, our companies were well placed to profit from higher consumer spending. Saks Fifth Avenue did exceptionally well, and continues with a vigorous expansion programme, as does Kohl's Department Stores. All three Gimbels units traded profitably, while the Marshall Field group of companies more than justified the high hopes with which we acquired them in 1982. In the UK, Argos continued its strong and profitable expansion, and it was particularly gratifying to see International Stores move into substantial profit.

The emphasis that we place on speciality papers was well rewarded, with important profit increases from Appleton in the US and from Wiggins Teape in the UK. Further rationalisation and some volume increase brought better results from Mardon Packaging and our German home improvements businesses achieved much higher profits.

In general our subsidiaries in North America continued to demonstrate their great inherent strength, and contributed no less than 57 per cent of Group trading profit. But a new and welcome feature of the year was the radical improvement in the UK, where our profits more than doubled to £80 million.

Industrial and geographical diversity remain at the heart of the Group's strategy, and the Eagle Star acquisition showed our readiness to move on a very large scale into the rapidly growing financial services sector. But we must also withdraw from businesses which do not offer the right growth potential. Last year we disposed of a number of operations, notably Kohl's Food Stores, and since the year-end we have announced our withdrawal from direct selling in the UK cigarette market.

In the light of the excellent increase in profits attributable to the shareholders, the Board will be recommending a final dividend of 4.875p making a total for the year of 8.25p, which compares with a total of 6.875p last year, an increase of 20 per cent. Over the seven years since 1976 dividends will have increased at an average rate per annum of more than five per cent above the rate of inflation and it is our aim that dividends will continue to grow in real terms.

The first two months of 1984 appear to indicate that the world economy continues to pull out of the long recession. Particularly in the industrialised world, but also in many developing countries, our businesses are following on the encouraging trends of the second half of 1983. The Group is poised to move ahead in a more stimulating economic environment, and I shall comment as usual on the prospects for this year at the Annual General Meeting.

PATRICK SHEEHY, Chairman

GROUP PROFIT AND LOSS ACCOUNT

Year ended 31 December	1983 £ millions	1982 £ millions	% change
Turnover including duty and excise taxes	11,846	11,507	+3
Trading profit	851	783	+9
Net interest	3	(29)	—
	854	754	+13
Share of associated companies' profit before taxation	125	102	+23
Profit on ordinary activities before taxation	979	856	+14
Taxation on ordinary activities	(373)	(346)	+8
Profit on ordinary activities after taxation	606	510	+19
Attributable to minority shareholders	(59)	(56)	+5
Attributable to B.A.T Industries	547	454	+20
Dividends	120	100	+20
Earnings per share	37.569p	31.225p	+20
Dividends per share	8.250p	6.875p	+20

EXCHANGE RATE EFFECTS

The results of overseas subsidiaries have been translated into sterling for the purpose of this report at exchange rates ruling on 31 December in each year. Over the year to 31 December 1983 sterling weakened against the US dollar with a consequent favourable effect on the sterling figures reported. Had the same exchange rates ruled at the end as at the beginning of the year, it is estimated that the figures would have been as follows:

Year to 31 December 1983	£ millions	% change
Turnover	11,793	+2
Trading profit	823	+5
Profit before taxation	965	+13
Net profit attributable to B.A.T Industries	537	+18

These estimated figures do not include devaluations of the Brazilian cruzeiro and the Argentine peso against the US dollar to the extent that these devaluations represent the relative decline of the purchasing power of these currencies.

INDUSTRIAL AND GEOGRAPHICAL ANALYSES

Year ended 31 December	1983 £ millions	%	1982 £ millions	%
INDUSTRIAL				
Turnover				
Tobacco	6,138	52	6,468	56
Retailing	3,528	30	2,997	26
Paper	1,051	9	974	8
Packaging & printing	537	4	537	5
Other trading activities	592	5	531	5
	11,846	100	11,507	100
Profit				
Tobacco	542	64	572	73
Retailing	165	19	102	13
Paper	100	12	75	10
Packaging & printing	24	3	18	2
Other trading activities	20	2	16	2
	851	100	783	100
GEOGRAPHICAL				
Turnover				
United Kingdom	2,167	18	2,189	19
Europe	2,367	20	2,368	21
North America	4,521	38	3,478	30
Latin America	1,601	14	2,302	20
Asia	725	6	721	6
Africa	398	3	370	3
Australasia	67	1	79	1
	11,846	100	11,507	100
Profit				
United Kingdom	80	9	38	5
Europe	65	8	88	11
North America	485	57	383	49
Latin America	113	13	170	22
Asia	61	7	70	9
Africa	41	5	30	4
Australasia	6	1	4	—
	851	100	783	100

DIVIDENDS

The directors will be recommending to the shareholders at the Annual General Meeting to be held on 17 May 1984 the payment on 2 July 1984 of a final dividend for the year of 4.875p per ordinary share of 25p.

Transfers received in order by the Registrar of the Company up to 4 June 1984 will be in time to rank for payment of the final dividend.

The following is a summary of the dividends declared for the years to 31 December 1983 and 1982.

	1983	1982
Interim paid 16.11.83	3.375p	3.125p
Final proposed payable 2.7.84	4.875p	3.750p
	8.250p	6.875p

The dividends per share and earnings per share figures for 1982 have been adjusted to reflect the 3 for 1 capitalisation issue in June 1983.

INDUSTRIAL REVIEWS

TOBACCO

Total volume decreased by 5 per cent and in sterling terms turnover and trading profit were also down by that amount. In the US market, Brown & Williamson increased turnover by 6 per cent in dollars and trading profit by slightly less. Its domestic market share of industry shipments declined. Cheap brands further eroded profitability in West Germany but traditional brands recovered to over 80 per cent of the market and BAT Cigarettenfabriken, particularly strong in that segment, regained much of its market share. In Brazil, price increases were below the level of inflation, and margins were eroded by increased excise duty and downtrading. In sterling terms turnover and trading profit were down by 40 per cent. The total UK market was static and margins were depressed.

UK exports showed a 6 per cent volume increase. Turnover and trading profits rose and the strength of the US dollar further helped performance. US export sales continued to be depressed and in the German export trade profitability improved but the previous year's volume gains were reversed.

The successful launch of Barclay in Belgium, Holland and Finland, and its strong progress in Switzerland, gave an encouraging increase in European sales, market share and trading profits.

Apart from Brazil and Venezuela, Latin American turnover and trading profits improved. Better results in Argentina outweighed massive devaluation and the Chilean company increased market share, turnover and trading profit. Downtrading and currency devaluation adversely affected the results in Venezuela. In Central America, Costa Rica and Honduras performed strongly.

In Asia, increases in total volume and turnover did not compensate fully for higher costs in a number of countries. However, Hong Kong, Pakistan and Bangladesh all showed satisfactory improvements in trading profit. Despite a difficult year in Africa, Group companies performed commendably with better results in Kenya, Nigeria and Sierra Leone.

RETAILING

In an outstanding year for retailing, there was sharp improvement in the USA and further substantial progress in the UK. A consumer led recovery in the USA made a welcome contrast to the previous year. BATUS Retail Group had sales of over $3.3 billion. Excluding Kohl's Food Stores, which was disposed of, turnover rose by 28 per cent and trading profit by 36 per cent.

Saks Fifth Avenue had a very strong year, with turnover up 12 per cent and trading profit 26 per cent. The three Gimbels units all traded profitably, with Gimbels-Milwaukee raising profit by 79 per cent. Kohl's Department Stores continued its rapid growth, with turnover up by a half and trading profit by 41 per cent in spite of expansion costs. Thimbles increased sales by about 20 per cent and will be expanded this year.

Marshall Field increased turnover satisfactorily and trading profit was up by over 32 per cent. Companies acquired with Marshall Field showed excellent improvements. Trading profit of Ivey's-Carolinas rose 76 per cent, and more than doubled at Ivey's-Florida. Frederick & Nelson's profit was up 45 per cent and Breuner's profit nearly tripled.

In the UK, Argos gained sales volume through existing stores and 13 new ones, and 65 of its 134 stores now include the successful Elizabeth Duke jewellery boutiques. Aggressive marketing, volume gains and improved efficiency provided another significant rise in trading profit. International Stores' major refitting continued, a product improvement programme began, with emphasis on fresh meat and produce, and a substantial rise in trading profit came from volume gains in refitted stores and better margins.

PAPER

The Group's product range, with its emphasis on specialised papers, once more had a better year than the industry in general.

Appleton Papers in the USA made continued strong progress, recording further substantial volume and profit growth for carbonless copying paper and continuing to gain from years of high investment in production efficiency. Its turnover rose by 13 per cent and trading profit by over 31 per cent in dollars. These results were further enhanced on translation to sterling.

The UK paper market showed some recovery during 1983. Wiggins Teape's UK sales were 7 per cent up with strong growth in fine papers, other speciality grades and the merchanting business. Exports at £98 million were about a third of the group's UK output. There was a significant increase in profit. UK carbonless business reduced its trading loss and most other businesses had higher profits. Margins came under pressure, but improved operating efficiencies and lower costs compensated.

The European carbonless paper business continued to grow strongly, but pressure on prices caused profit to decline. The European merchants showed a 10 per cent growth in sales and trading profit.

PACKAGING AND PRINTING

Mardon Packaging International's turnover was maintained and trading profit in sterling terms improved by 33 per cent to £24 million. Excluding businesses divested at the beginning of the year, turnover rose by 10 per cent and trading profit by 26 per cent. In the UK and Europe, market conditions generally showed some improvement, with volume growth coming from recent product introductions, although competition remained fierce. Profit recovered significantly, benefiting from higher volume, rationalisation and improved productivity. The upturn in the North American economy helped the Canadian and US businesses, with volume and profits well up on 1982.

ASSOCIATED COMPANIES

Associated companies accounted for £125 million of B.A.T Industries' pre-tax profits, an increase of 23 per cent over the previous year.

Imasco's pre-tax profit improved by 21 per cent in Canadian dollars. Its tobacco division increased its market share and trading profit rose by 11 per cent. The Hardee's restaurant business in the USA had a very successful year, with strong turnover growth and trading profit up by a quarter. Shoppers Drug Mart continued profitable growth.

AMATIL increased pre-tax profit by 12 per cent in Australian dollars. Tobacco products division achieved higher turnover and profits. Steggles poultry profits were lower but the beverage division performed well. Printing and packaging earned substantially greater profits.

Skandinavisk Holding's turnover and trading profit from tobacco increased substantially. Losses were incurred in the agricultural machinery business, but progress was made in furniture and office supply. Empresas La Moderna in Mexico made a substantial increase in net turnover. Results from ITC in India showed an increase in turnover and improved profitablity. In Brazil, Aracruz's sales of pulp amounted to 438,000 tons. Pre-tax profit for 1983 was some three times greater than in the previous year.

OTHER TRADING ACTIVITIES

Cosmetics turnover increased by 21 per cent in 1983, but special provisions in the USA caused a 19 per cent drop in trading profit to £11 million. In the UK, Lentheric and Yardley recorded strong sales and profit growth. Profit from Yardley's export business continued to grow strongly. Germaine Monteil increased sales in France and Germany.

The Group's German-based home improvement interests achieved significant volume growth and much higher profits. Turnover was up by 14 per cent and trading profit, at £14 million, by over 40 per cent. This was due mainly to an improvement in the economy and housing starts.

These figures for the year ended 31 December 1983 have been extracted from the full financial statements to be delivered to the Registrar of Companies, and carry an unqualified audit report.

The Report and Accounts will be available on 19 April 1984. The Annual General Meeting will be held on 17 May 1984.

B·A·T INDUSTRIES

Windsor House, 50 Victoria Street, London SW1H 0NL.

AM International rebuilds on its old foundations

BY ANDREW BAXTER

Mr Merle H. Banta

AM INTERNATIONAL, the U.S. office equipment company operating under Chapter 11 of the U.S. Bankruptcy Code since the failure of its rush into new technology, is "sticking to the knitting"—the markets it knows best—in an attempt to make a comeback.

The Chicago-based concern, once known as Addressograph-Multigraph, filed for protection from creditors under Chapter 11 in April, 1982, when the deficit in shareholders' funds was $42.9m. Since then it has undergone a radical transformation based on new products in its core businesses—offset duplicators and printers, phototypesetting machines and engineering graphics products. It now expects to emerge from Chapter 11 by the end of 1984, a year later than first hoped.

However, whether the company can maintain or increase its share in increasingly competitive markets remains to be seen. Wall Street has virtually forgotten about AM, but analysts express views varying from enthusiasm to guarded optimism.

AM's new, cautious approach is a complete contrast to its strategy in the mid-1970s. Then, stung by the success of Xerox, IBM and others in the market for electronic office equipment, AM embarked on an ambitious acquisition programme in order to reduce its dependence on mechanical duplicators and addressing machines.

A dozen or so companies were bought, all with a strong hi-tech bias, and the products they made included components for cash registers, microfiches, small computers, and devices to count duplicator copies. None made money, and losses were mounting, with a net deficit of $245m being incurred in the fiscal year to July 31 1981. Seven businesses, mostly newly-acquired units but including Addressograph, its traditional mechanical addressing machine division, were put up for sale that year. Yet by then the damage had been done.

"I think the strategy was to leapfrog from where AM was in the mid-1970s to maybe 15 years into the future. The leap did not go as planned," Mr Merle Banta, AM's chairman, said last week.

Three steps, says Mr Banta, had to be taken to "right the ship financially."

First, businesses to be retained had to be made profitably as quickly as possible. Second, cash had to be generated through reducing assets, stocks and accounts receivable. Third, the sale of loss-making subsidiaries had to be completed.

The company refocused on three long-established businesses:

- Multigraphics produces reprographic equipment for in-house print shops and small commercial printers;
- Bruning produces equipment to make and reproduce engineering drawings;
- Varityper makes phototypesetting and composition equipment.

New products have been released by all three divisions—including a Varityper digital typesetter and a new line of Multigraphics small offset printers—and most lines have been upgraded and restyled. Research and development spending will be $15m in the current fiscal year, up from $10.2m last year.

The most unusual move, however, for a company in Chapter 11 was the acquisition in May last year of Grafcon, a U.S. manufacturer of computer-aided drafting software, for $2.5m and royalties.

It is rare for a court to allow a company to use cash, that could be paid to creditors, for acquisitions. AM sees Grafcon as a complement to its traditional engineering graphics operation.

Cuts extensive

The company has also taken steps to improve its marketing, giving autonomy to each of the core businesses, while increasing central control of each international unit.

On the costs side, cuts have been extensive. "Clearly we had been overstaffed, and over-expanded in the real estate areas," says Mr Banta. Since the filing, 3,000 jobs, mostly in the U.S. have gone, reducing the workforce to 10,000, compared with a peak in 1980-81 of around 18,000. Each of the three product divisions cut its U.S. sites down from between 60 and 80 to about 30.

A similar slimming operation has been undertaken at AM's international subsidiaries which, with the exception of the Canadian unit, were not part of the bankruptcy proceedings. The UK subsidiary, for example sold its 13.6 acre site in Hemel Hempstead for £4½m before the parent company's filing. It now leases back a 100,000 sq ft corner of the site, and manufacturing has been cut back drastically.

The sale of subsidiaries continued after the Chapter 11 filing, with the divestiture in July, 1982 of a printer systems unit; the programme was completed in 1983 with the sale of a division producing laser scanning devices converting artwork to digital form. A small loss on this last sale took the provision on the entire programme to around $75m.

In contrast came a $66m credit from the termination last year of the company's non-contributory pension plan in the U.S., and substitution of a new scheme. This windfall arose when the job cuts of the recent years, along with the Wall Street boom beginning in the summer of 1982, left the fund with assets far exceeding accrued benefits for employees.

The benefits of the new products and lower costs have produced modest operating profits from the quarter beginning November 1982. In the half-year ended January 28 this year AM produced operating income of $6.8m, against a $700,000 loss in the comparable period of 1982-83, while sales rose 5 per cent to $283m.

More important, however, for the company's immediate needs has been a sharp increase in cash, from $15m at the filing to $82m now. The balance sheet has been cleaned up, while shareholders' funds are "slightly negative."

To emerge from Chapter 11, a company must have positive net worth. If all goes according to plan, AM will have shareholders' funds of $60m when it does so.

AM's reorganisation plan was filed on September 29 1983, the day before it would have been possible for other groups, such as creditors, to submit their own plans to the court. Broadly, all secured claims will be paid in full in cash: around $30m is owed, mainly to government agencies. Unsecured claims of less than $750 will also be paid in full, while remaining unsecured creditors will receive a mixture of cash and new common stock. Shareholders will have their old shares exchanged on a one-for-one basis for the new shares.

The plan has been agreed by the company's creditors' committee, and its drafting completed. Preparation of a disclosure statement is under way, but still to come are public hearings, votes by creditors, and final confirmation hearings by the court.

At the same time the company must resolve around eight legal actions, either in or out of court, with adversaries including Eastman Kodak, the Madison Fund, and the U.S. Government.

Outstanding claims by creditors must also be resolved. Total unsecured claims, says Mr Banta, range between $245m and $275m.

All these factors give a probable date for leaving Chapter 11 of late 1984, roughly 2½ years after the filing. The company has been helped by having a single creditors' committee, in contrast with other Chapter 11 bankruptcies where different creditor groups go their separate ways. Even so, "it just takes a long time to process all these issues through the court."

Mr Banta remains reticent about his future plans, though a three-year financial plan will be included in the disclosure statement to the court.

However, the Grafcon purchase gives a clue to AM's present attitude to technology, pursuing it when "geared to our existing customer base," as Mr Banta puts it. AM admits that its markets are becoming increasingly competitive, particularly the offset printing sector where a mass of Japanese, U.S. and other competitors are jockeying for position. There are new entrants in the typesetting field too, but here Varityper is holding its own against Compugraphic of the U.S. and Linotype-Paul, part of Allied Corporation of the U.S.

مكتبة الأصل

THE MANAGEMENT PAGE: Marketing

EDITED BY CHRISTOPHER LORENZ

Market research

'No cloud on the horizon'

BY ANTONY THORNCROFT

LIKE ITS big brother, advertising, market research has been thriving on the back of real economic growth. According to the Association of Market Survey Organisations—a grouping of 27 market research companies which account for three-quarters of research business—turnover in 1983 rose by 18.6 per cent, showing (because this is the research industry which cares about such niceties) real growth, after inflation, of 13 per cent, as against 4 per cent in 1982.

Such is the healthy backdrop against which the Market Research Society is holding its annual conference in Brighton this week. All told, expenditure in the UK on market research has doubled since 1977 to £130m a year and there is no cloud on the horizon. AMSO members estimate growth of 12 per cent in the current year.

Though this suggests a slight slowing down in new business it is expected that as compensation, profit margins should be higher. In 1983 the average profitability of AMSO members dropped from 7.2 per cent in 1982 to 6.1 per cent. This was because the companies took advantage of the boom to invest in new technology. They also had to increase considerably, by an average of 25 per cent, the salaries of their middle managers who are in short supply because graduate recruitment was cut back during the last slight recession in market research in 1979.

Companies generally are optimistic, and are commissioning research into new ventures. They now actually believe that money spent on research produces tangible benefits. As always during a boom it is ad hoc assignments that are expanding fastest; the continuous bread and butter research, like television audience measurement just ticks over at a profitable rate.

While the General Election of 1983 brought the names of certain research companies into prominence because of their involvement in opinion polls, this is a small (albeit very profitable) part of turnover: about £2m was spent on ascertaining voting intentions. The major feature of a prosperous, but uneventful year, was the growth in telephone interviewing, which has expanded in two years from 2 per cent to 11 per cent, in cash terms, as a method of quizzing the public. A third of all interviews are now conducted by telephone, often by researchers operating computer terminals who press responses immediately into a data bank.

The telephone is also at the heart of the biggest new research contract of the year—British Telecom is investing £2m a year, split between three companies, MAS, IRB and FDS, who are systematically phoning around 1¾m subscribers a year to find out their feelings about the telephone service.

> 'Small companies . . . will gain by the reduction in corporation tax. This should release money for investment in technology and staff'

In the main the table of the leading research companies confirms the stability of the industry. Despite forecasts, there have been few takeovers—Burke disappeared inside Research Services and Marplan into Research International — and few changes in the listings. AGB ploughs ahead with its wide sweep of interests, continuous surveys like BARB (Broadcasting Audience Research Bureau), TCA (Television Consumer Audit) and Index; its mainly ad hoc subsidiary RSGB; and its overseas connections (it bought NFO in the U.S. and is actually challenging Nielsen on its own ground with a TV measurement service), and Nielsen UK follows on in second place, drawing most of its revenue and profit from its long-established retail auditing operation.

AGB is finally breaking even with Index, which monitors for financial institutions all expenditures over £3, along with the saving and borrowing, of a 10,000 strong panel, and has just launched Lektrak, a retail audit on the sale of electrical durables. But TCA, which links TV viewing and sales, at £5m the biggest continuous panel in market research, and the TV audience measurement BARB, with a £2m turnover, remain its bedrock, even in a year like 1983 when ad hoc growth was greater.

Most of the next group of research companies share one characteristic: NOP, Gallup, MAS, and RSGB are all prominent in omnibus surveys, regular weekly questionnaires which enable clients to measure — quickly and cheaply — customers' response to their products or advertising. By contrast another area of growth is qualitative research, in which an interviewer, in group discussion, gets the in-depth views of a small panel of consumers about a client's activities; research companies favour qualitative research because direct costs are smaller and profits larger.

Telephone research, omnibus surveys, *qualitative assignments* are all ad hoc contracts which have fuelled the prosperity of research companies in recent months. There has also been growth in overseas assignments and now 12 per cent of turnover comes from foreign clients, with many American companies using the UK's undoubted skill in research to co-ordinate pan-European projects.

Industrial research, retailing, and travel all showed above-average growth last year, while the Government continues to be rather suspicious of the worth of research. However, consumer packaged goods companies still account for a half of all research, and there is no sign of any slackening off in the commitment of business to new products and the need to research their potential. The Budget seems to have fuelled confidence.

It has also done wonders for the market research firms, many of which are small companies owned by their directors who will gain considerably by the reduction in corporation tax. This should release even more money for investment, both in new technology and in staff — last year there was a 7 per cent rise in AMSO staff to 4,000, a modest gain, given the extra work. Early signs are that even if the rise in turnover in 1984 does not match last year, profit margins will expand.

AD HOC

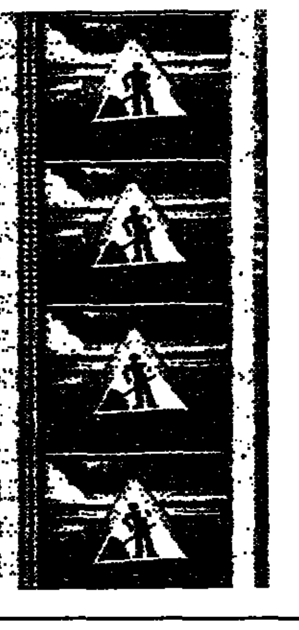
London advertising agencies scooped four of the 12 television awards last week at the 24th International Broadcasting Award ceremony, held in Los Angeles and sponsored by Hollywood Radio and Television Society. This was second to the U.S. only which took five awards. Japan took two and Australia one.

Ogilvy and Mather won the animation section with its "Mona Lisa" ad for the Milk Marketing Board; Lowe Howard-Spink Campbell-Ewald in the combination section for its Heineken ad (right); Wight Collins Rutherford Scott in the public service section for the Central Office of Information, with its cliff commercial and McCann-Erickson, in the series section, for its Eggs Authority ads "Club," "Wellie" and "Forkies" (below).

The overall best television commercial was that for National Heo Hi-Top batteries made by the Japanese agency Hakuhodo, which featured a toy fireman climbing to the top of a 15 storey building.

Winners were *selected* from about 5,000 entries from 53 countries.

In the radio section Canada took four trophies, U.S. three, Australia and New Zealand, one each.



A ONE-DAY workshop intended to help advertisers and their advisers set their advertising budgets is to be held at the Royal Lancaster Hotel, London, on Thursday May 10. It is aimed at marketing directors, brand managers, accountants and media consultants.

Speakers will include Harold Lind, economic consultant, on "What the Competition will be Spending"; Mike Elms of Ogilvy & Mather on "What Will Advertising Cost?"; Stephen King of J. Walter Thompson, "Short or Long Term," and Gordon Wills, Management Centre from *Buckingham, on* Classical Methods of Setting Budgets.

Tickets and details from Macfarlane Conferences, Mappin House, 156-62, Oxford Street, London W1. (01-637 7438).

●

THE SIXTH sponsorship conference organised by the Incorporated Society of British Advertisers will be held at the Park Lane Hotel, Piccadilly, London, W1 on May 9. Entitled "Sponsorship in the marketplace—opportunities unlimited," speakers will include Peter Lawson, Central Council of Physical Recreation, on "Developments in Sponsorship after the Howell Report"; Colin Tweeny of the Association for Business Sponsorship of the Arts, and Derek Etherington, of Sport Sponsorship Computer Analysis, reviewing the art and sport sponsorship market. Details from Ann Harris, ISBA, 44 Hertford Street, London, W1.

●

CHANNEL FOUR television is continuing to be bypassed by the majority of network advertisers as the interminable Equity IPA (Institute of of Practitioners in Advertising) dispute prolongs the actors' boycott of commercials.

Figures from AGB, the *independent audience research* company, show that, whereas 105 commercials were screened across the network on ITV in the week ending *March 11, 1984, only five were* networked on Four. Last year in the same week the figures were 105 for ITV and two for Four.

Advertisers who use Four are tending to use it in a few areas only. The number who use it in one area only has risen from 245 during the week ending March 13, 1983 to 309 during the equivalent week in 1984. (Comparable figures for ITV are 515 *and 419 respectively.)*

For actors this means a continued reduction of income since earnings for a networked ad on Four are more than 10 times greater than in one area only.

High-tech presentations

BY FEONA McEWAN

THEY used to be called visual aids. That involved the use of slide carousels, darkened rooms, overhead projectors, fumbling fingers and scribbled scripts. Now they have fancy titles like presentation systems and that means the slickness of computer technology which, once mastered, conveys messages with ease and polish, fast and without fuss.

That at any rate is the theory. Showcase is such a presentation system, fast finding favour among ad agencies and some clients, too, which enables presentations to be assembled on the spot, at the touch of a computer key and for screening in daylight.

The system consists of a standard Apple 2E computer with two disc drives and a small 12 in monochrome screen (which the presenter uses) linked to a larger colour monitor (which the audience views). The Showcase software includes a choice of colours, remote control and a programme for producing text and barcharts. (Additional picture graphics are available in the regular Apple software range.)

When the system is in operation, messages typed into the computer appear on the television screen and are organised into separate pages — a sort of electronic carousel. Larger cinema-size screens can be used — as Lonsdale Advertising has done — though it's costly. There is a choice of 250 colours, and 10 typefaces.

Linked to a suitable monitor, Showcase can cut to video, *showing commercials for* instance, then return to the text presentation.

"We couldn't do without it now," says Lonsdale, which uses it all the time for new business pitches, sales promotions, public relations and sales recruitment meetings.

"It's so easy to use," says new agency Woodhams & Lowe. "If you've never used a computer before — which many agency people haven't — you can learn in about half an hour. Everyone uses ours, secretaries, directors."

The system, like many a new toy, has not been without its teething troubles and there have been occasions where last minute changes have upset the smooth working of the machine. Showcase now believes that after two years of development, the new version, out in May, has ironed out any hiccoughs.

One agency which uses the system lists the pros and cons. On the plus side, it says, Showcase is cost-effective in comparison with traditional slides; it is simple to amend and correct; it forces self-discipline on the presenter; it makes a good impression on an audience, with its homogeneity and the added value that print on a television screen seems to lend. Against this, there is the problem of accommodating charts (there is a separate software program called Visiplot which will do pie charts, etc., but only about seven will fit on a floppy disc); and there is the risk, it suggests, of an occasional electronic bug wrecking the presentation.

Rainbow Software Company, which invented Showcase, claims that as well as being user-friendly the system's other qualities are that an entire presentation can be assembled in-house, cutting out costly ancillary specialist services (slides can cost from £15 to £30 each) and there are virtually no running costs after the initial £5,000 outlay. Floppy discs cost about £3.50 each and hold the equivalent of 200 slides, and can be re-used. There is also a print-out available for use as a working script for speeches.

Transportable rather than portable (to some agencies' regret). Showcase has in fact been to Saudi Arabia with notable success. Special type*faces can be made to order*—recently a Russian script was ordered for a Moscow presentation.

Showcase can also run continuously in foyers and shop windows, making it suitable for estate and travel agents, exhibitions and sales. Clients include Cadbury-Schweppes, Prudential Life, Thomson Magazines, Pirelli and agencies like Charles Barker Lyons, Ted Bates, Wight Collins Rutherford Scott, Ogilvy and Mather and KMP.

Rainbow intends to introduce the system to the U.S. shortly, where, at this end of the market, *as far as it knows,* there is nothing similar available.

Contact Martin Conradi, Rainbow Software Company, 12, Napier Street Isleworth, Middlesex (Tel: 01-892 9132).

Notice of Redemption

Pennwalt Overseas Finance N.V.

8% Guaranteed Debentures due 1987
Unconditionally Guaranteed as to Principal and Interest by

Pennwalt Corporation

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of May 1, 1972 under which the above-described Debentures are issued, Citibank, N.A., (formerly First National City Bank), has selected for redemption on May 1, 1984 (the "Redemption Date"), through the operation of the Sinking Fund provided for in the said Indenture, $669,000 principal amount of Debentures of the said issue of the following distinctive numbers:

COUPON DEBENTURES OF $1,000 PRINCIPAL AMOUNT OUTSTANDING

M83	487	2148	2483	3671	3942	5434	5773	6543	7421	8954	9252	9516	12162	13139	13384
88	491	2149	2484	3674	3943	5457	5777	6547	7433	8955	9279	9947	12163	13140	13551
89	499	2152	2537	3676	3944	5459	5781	6556	7434	9077	9287	9950	12164	13144	13552
90	501	2153	2547	3684	3945	5460	5782	6558	7435	9088	9288	9962	12165	13151	13555
112	504	2160	2551	3761	4178	5461	5783	6578	7436	9091	9289	9967	12701	13156	13556
115	513	2162	2552	3770	4179	5462	5838	6579	7443	9106	9291	9968	12702	13165	13623
117	515	2164	2559	3771	4181	5473	5847	6596	7447	9112	9298	9969	12736	13166	13665
122	520	2180	2561	3773	4222	5474	5848	6601	7511	9113	9300	9970	12738	13170	13681
123	580	2234	2568	3774	4255	5475	6013	6608	7512	9114	9303	9972	12749	13174	14207
124	583	2246	2570	3789	4259	5505	6016	6611	7519	9117	9307	9973	12754	13175	14214
126	592	2247	2583	3803	4260	5511	6017	6616	7626	9119	9315	9980	12757	13179	14215
133	604	2254	2588	3806	4286	5513	6023	6617	7627	9120	9322	9982	12764	13186	14229
181	933	2255	2591	3813	4288	5519	6026	6618	7748	9122	9336	9990	12793	13191	14232
206	936	2262	2592	3816	4290	5522	6034	6619	7749	9125	9371	10921	12797	13193	14240
207	938	2266	2601	3820	4334	5540	6035	6620	7750	9128	9372	10922	12802	13205	14253
217	1086	2267	2609	3827	4337	5541	6064	6625	7761	9131	9380	10925	12803	13209	14396
218	1087	2269	2617	3828	4342	5543	6067	6632	7783	9132	9382	10934	12809	13213	14401
219	1088	2327	2631	3829	4345	5544	6070	6704	7789	9133	9388	10936	12812	13214	14402
264	1094	2328	2635	3852	4348	5545	6071	6761	8149	9136	9390	10938	12814	13218	14433
269	1098	2329	2636	3859	4445	5547	6075	6763	8150	9137	9399	10948	12820	13224	14437
271	1202	2397	2662	3870	4448	5551	6131	6768	8215	9142	9403	10950	12824	13227	14440
273	1285	2398	2665	3873	4449	5552	6190	6779	8216	9146	9408	10956	12835	13232	14443
276	1286	2403	2669	3874	4450	5553	6198	6781	8231	9169	9423	10964	12969	13237	14446
281	1673	2415	2680	3875	4451	5554	6201	6797	8301	9184	9432	10965	12975	13241	14447
282	1933	2420	2681	3880	4454	5565	6225	6798	8302	9188	9444	10971	12976	13248	14456
286	1939	2431	2739	3881	4476	5566	6230	6800	8311	9189	9455	10972	12981	13249	14462
406	1962	2432	2740	3882	4620	5567	6237	6806	8313	9193	9459	10975	12983	13250	14468
415	1966	2433	2741	3883	4673	5568	6290	6815	8390	9198	9463	10979	13052	13251	14473
418	1968	2437	2968	3885	4674	5569	6294	7109	8397	9199	9465	10984	13058	13254	14479
420	2087	2440	3628	3886	4675	5570	6295	7131	8398	9204	9469	11006	13060	13266	14484
448	2088	2442	3634	3887	5090	5575	6296	7136	8420	9205	9474	11007	13090	13268	14486
450	2089	2443	3635	3893	5101	5576	6334	7147	8432	9210	9476	11010	13094	13270	14490
452	2090	2453	3639	3894	5151	5578	6336	7148	8446	9215	9478	11011	13110	13273	14492
460	2091	2455	3643	3895	5160	5580	6343	7149	8506	9216	9479	11012	13115	13275	14493
464	2095	2459	3644	3900	5186	5581	6350	7158	8512	9218	9483	11018	13116	13277	14494
475	2097	2460	3649	3905	5187	5582	6351	7235	8513	9221	9484	11019	13117	13283	14495
476	2103	2469	3655	3915	5189	5594	6534	7237	8516	9227	9485	11118	13123	13348	14506
477	2105	2470	3660	3919	5359	5665	6536	7407	8518	9233	9490	11120	13127	13364	14516
481	2127	2471	3663	3921	5361	5666	6537	7408	8723	9240	9494	11125	13131	13365	14671
483	2138	2473	3665	3927	5362	5673	6539	7409	8729	9244	9495	12159	13136	13367	
484	2146	2476	3668	3934	5363	5754	6541	7411	8928	9250	9512	12160	13137	13373	
485	2147	2477	3670	3935	5430	5757	6542	7412	8951	9251	9515	12161	13138	13383	

The Debentures specified above are to be redeemed for the said Sinking Fund at the option of the holder (a) at the Receive and Deliver Window of Citibank, N.A., Trustee under the Indenture referred to above, 5th Floor, 111 Wall Street, New York, NY 10043, or (b) subject to any laws or regulations applicable thereto, at the main offices of Citibank, N.A. in Amsterdam, Brussels, Frankfurt/Main, London (Citibank House), Milan, and Paris and the main office of Credit Industriel d'Alsace et de Lorraine in Luxembourg, the Company's Paying Agents. Payment at the offices referred to in (b) above will be made by check drawn on, or transfer to a dollar account maintained by the Holder with, a bank in the City of New York. On the Redemption Date, such Debentures shall become due and payable at the Redemption Price and on and after such date, interest on the said Debentures will cease to accrue and the coupons for such interest shall be void.

The Debentures specified above should be presented and surrendered at the offices set forth in the preceding paragraph on the said date together with all interest coupons maturing subsequent to the Redemption Date. Coupons due May 1, 1984 should be detached and presented for payment in the usual manner.

PENNWALT OVERSEAS FINANCE N.V.
By: CITIBANK, N.A., as Trustee

March 29, 1984

BAT recovers to end 14% higher

AN IMPROVED performance by the retailing, paper and packaging businesses of BAT Industries, and an increased contribution from associate companies, more than offset a decline in tobacco results for 1983, and enabled the group to reverse the downward trend of the first six months to finish the year with pre-tax profits 14 per cent ahead from £856m to £979m.

In addition, the results do not include those for Eagle Star, which was acquired for £968m in January, and which reported separately yesterday a 33 per cent increase in pre-tax profits to £90m, as forecast at the time of the offer.

BAT's improvement for the years was achieved on a 3 per cent advance in turnover from £11.51bn to £11.85bn, and was also helped by a better performance by tobacco activities in the second six months which produced trading profits of £316m (£288m) compared with £226m (£284m) at the interim stage. Productivity gains, particularly in the U.S. made an important contribution to this recovery.

The directors say that in the light of "the excellent" increase in group attributable profits, which rose 20 per cent from £454m to £547m, the net total dividend is to be stepped up by a similar percentage from an equivalent 6.875p to 8.25p with a final payment of 4.875p, on earnings of 37.569p (31.225p) per 25p share.

They report that in the first two months of the current year the encouraging trends of the second half of 1983 have continued and the group is poised to move ahead in a more stimulating economic environment.

In general during 1983, they state, the group's subsidiaries in North America continued to demonstrate their inherent strength and contributed some 57 per cent of trading profits of £851m (£783m). Another feature in this area was the rapid improvement in the UK, where the result more than doubled from £38m to £80m.

A breakdown of turnover and trading profits on a geographical basis shows: UK £2,167m (£2,189m) and £80m (£38m); Rest of Europe £2,367m (£2,368m) and £65m (£88m); North America £4,521m (£3,478m) and £485m (£383m); Latin America £1,601m (£2,302m) and £113m (£170m); Asia £725m (£721m) and £61m (£70m); Africa £398m (£370m) and £41m (£30m) and Australia £67m (£79m) and £6m (£4m).

By division an analysis discloses: tobacco £6,138m (£6,468m) and £542m (£572m); retailing £3,526m (£2,997m) and £165m (£102m); paper £1,051m (£974m) and £100m (£75m); packaging and printing £537m (same) and £24m (£18m) and other trading activities £592m (£531m) and £20m (£16m).

The directors say that industrial and geographical diversity remains at the heart of group strategy, and the Eagle Star acquisition shows their readiness to move on a large scale into the rapidly growing financial services sector.

However, the group must also withdraw from businesses which do not offer the right growth potential. Last year it disposed of a number of operations, notably Kohl's Food Stores. And since the year end it has announced its withdrawal from direct selling in the UK cigarette market.

Capital expenditure last year totalled £326m (£341m), of which £123m was on tobacco, £114m on retailing and £43m on paper activities.

The total debt/equity ratio, excluding cash, is projected at around 55 by the end of this year and with a "pretty strong" cash flow this is expected to fall to more normal levels. The company is not thinking in terms of a rights issue, the directors add.

Shareholders' funds at the year end totalled £3.42bn (£2.99bn), fixed assets were £2.59bn (£2.34bn), current assets £4.32bn (£4.03bn) and borrowings £1.26bn (£1.33bn). On a CCA basis pre-tax profits are given at £786m (£663m).

	1983 £m	1982 £m
Turnover*	11,846	11,507
Operating income	7,971	7,496
Operating charges	7,120	6,713
Trading profit	851	783
Interest received	3	†29
Share of associates	125	102
Profit before tax	979	856
Tax	373	346
Net profits	606	510
Minority profits	59	56
Attributable	547	454
Dividends	120	100
Extraordinary debits	24	4
Retained	403	350

* Including duty and excise taxes. † Charged.

See Lex

HIGHLIGHTS

Lex takes a view of the Hong Kong economy following the Jardine Matheson decision to move to Bermuda and Hongkong Land's extremely disappointing 1983 figures. The column then goes on to comment on the results of Babcock where profits are up by two-thirds thanks to a major turnround in the U.S. BAT reported a strong year on the back of U.S. retailing profits and a better than expected tobacco performance, while Eagle Star achieved exactly the profit anticipated at the time of the takeover. Finally Prudential whacked up its dividend yesterday and Lex considers its ability to go on doing so in the new fiscal environment for life insurance companies.

Ladbroke advances by £6.4m to £42m

SIGNIFICANT progress achieved in 1983 at Ladbroke Group will be continued this year, says Mr Cyril Stein, chairman. For the 53 weeks to March 1 1984 pre-tax profits of this hotels and leisure-related group moved ahead from £35.4m to £41.8m.

Mr Stein points out that leisure divisions are achieving good figures and the upturn of business confidence in the UK, together with more tourists from abroad, indicate a record year for the company's hotels.

The net final dividend has been lifted from 4.3p to 4.945p raising the total from 8p to 9.015p. Earnings per 10p share came to 18.18p (19.06p).

Turnover expanded from £762m to £846.9m.

Figures for 1983 include a first contribution to profit from Central Independent Television.

The 1982 profit figures before and after tax have been adjusted by excluding pre-acquisition profit.

A highlight of 1983, says Mr Stein, was the profit achieved by the U.S. property division in what was effectively its first year of trading. All indications are that carrying out the major portion of the company's property development in the U.S. has been well justified. In the UK lettings of completed properties are proceeding at a good pace, he says.

At the operating level profits rose from £43.4m to £47.3m to which related companies added £1.3m (took £0.3m). Interest costs came to £6.2m (£7.4m) and profits were struck after deductions for the employee share scheme of £0.6m (£0.3m).

Tax came to £13.7m (£7.2m) and minorities amounted to £1.7m (£0.9m).

Net assets per share were 150.2p (144.1p).

At the halfway stage pre-tax profits increased from £13.4m to £16.1m and the directors said that divisions were continuing to experience good trading conditions.

● comment

Ladbroke's shares have had a very good run lately, until their progress was obstructed in the closing stages by news that the OFT was investigating anti-competitive collusion between the riders of provincial betting shop chains. Despite the set-back, the price yesterday at 253p was nearly £1 higher than its low point in 1983, and looking perhaps a little too glossy on 13.6 times historic earnings. The profits were boosted unexpectedly by taking in the cash element on sale of a minority interest in a U.S. development, but this was offset by a lower rate of disposals of UK operating properties. An apparently lacklustre 16 per cent advance in "hotels" conceals an underlying improvement o 25 per cent, much as expected, while betting profits were satisfactorily ahead for the year. There is a suspicion that while Ladbroke could get close to £50m this year, the going will get stickier in 1985, as the cyclical businesses reach their peak.

Ocean Transport at £7.2m but outlook is brighter

IN WHAT the directors describe as a difficult year, due to the continued depression in world shipping, Ocean Transport and Trading saw its pre-tax profits for 1983 fall from £13.9m to £7.2m.

The main contributor to the result was Ocean Cory which produced profits of £15m (£11.8m).

The group outcome was after taking into account a profit of £6.6m on ship sales and £6.4m of redundancy costs. Straits Steamship Company contributed £0.7m prior to its sale in mid-year, compared with £10.1m for the previous 12 months.

Losses per 25p share are stated at 2.8p (0.2p) on a net basis and 1.8p (2.6p earnings) nil distribution. On these the total dividend is cut from 6.65p to 4.5p with a final payment of 2.35p net.

As regards current year prospects Mr W. N. Menzies-Wilson, chairman, says the trading outlook is now more encouraging and the group will benefit from any upturn in world trade.

	1983 £m	1982 £m
Turnover	659.7	714.8
Trading profit	7.5	22.0
Ships disposal profit	6.6	*1.6
Net interest	12.8	18.7
Share of assoc.	5.9	12.2
Profit before tax	7.2	13.9
Tax	5.9	7.4
Net profit	1.3	6.5
Minority profits	1.2	6.5
Exchange losses	3.3	0.2
Extraordinary debits	44.9	46.5
Attributable loss	48.1	46.8
Dividends	5.1	7.5

* Loss.

The attributable loss of £48.1m is struck after extraordinary losses of £44.9m. These included a charge of £30.3m relating to the LNG carrier "Nestor" and provisions of £18.9m covering closure costs for discontinued trades and associated charter losses.

The balance sheet was strengthened in 1983. Following the sale of Straits, the net borrowings of the group have been reduced from £192.9m at the end of 1982 to £77.7m at the end of 1983. Stockholders' funds at the end of 1983 amounted to £214.2m.

● comment

The picture to emerge at Ocean Transport & Trading is, by and large, what the market had been anticipating — shrinking profits disappearing into large red numbers after another round of major write-offs against assets So the shares ended the day unchanged at 136p for a yield of 4.8 per cent. After a write down of £15m against the LNG carrier Nestor in 1982 last year brought another £30.3m and there is a further £12.1m reduction against charter losses on its West African/North American trade where there are two ships chartered in until 1988. Yet looking to this year profits should start to move forward again. The Nestor write down saves £1m in depreciation charges and although the marine side is still shackled to West African trade which is far from good news Barber Blue Sea looks encouraging. All five component operations within Cory can expect reasonable results this year which has left some analysts looking for profits around £15m excluding ship disposals. The shares are solidly based on trading grounds, with takeover speculation in for free.

BOARD MEETINGS

TODAY

Interims: Abaco Investments, Amber Day, Celtic Haven, Lucas Industries, Precious Metals Trust, Ramus.

Finals: A. C. Cars, Bridon, Bristol Oil and Minerals, Brown Boveri Kent, Castlefield (Klang), Rubber Estate, Croda International, Desoutter Brothers, Fairview Estates, Harris Queensway, House Property Co of London, Ibstock Johnsen, Lambert Howarth, Macfarlane (Clansman), Bernard Matthews, Magnolia (Mouldings), Moray Firth Maltings, Newman Industries, Scottish Heritable Trust.

FUTURE DATES

Interim:	
Dowding and Mills	Apr 18
Finals:	
British Mohair	Apr 4
Coats Patons	Apr 11
Condor International	Apr 2
Dentsply	Apr 9
Jenks and Cattell	Apr 9
Molynx	Apr 5
Pritchard Services	Apr 3
Stewart Wrightson	Apr 5
Wood (Arthur)	Apr 2

Eastern Produce jumps £6.7m

PRE-TAX profits of Eastern Produce (Holdings) jumped from £4.45m to £11.17m in 1983, after an advance from £1.16m to £3.36m at midterm.

The directors said then that the improvement was largely attributable to tea prices which were substantially higher than the corresponding period of 1982.

Yearly earnings per 50p share are shown to have risen from 15.9p to 47.8p and the total dividend is lifted from 4.9p to 6.5p with a final payment of 5p (3.5p).

	1983 £'000	1982 £'000
Turnover	39,982	36,907
Operating profit	8,696	3,829
Share of assoc.	3,377	1,759
Investment income	380	458
Interest	1,281	1,594
Profit before tax	11,172	4,452
Tax	5,769	2,546
Net profit	5,403	1,906
Minority profits	378	238
Extraordinary credit	797	—
Available	5,822	1,668
Interim dividend	158	147
Final	525	368
Retained for the year	5,139	1,153

Eagle Star reaches forecast of £90m despite bad weather

Eagle Star Holdings, now a member of the BAT Industries, has managed to reach its forecasted £90m profit for 1983, despite the adverse weather in the UK at the end of last year and the beginning of 1984.

Pre-tax profits eventually amounted to £90.3m compared with £68m in 1982, thanks to slightly lower underwriting losses, higher investment income and strong profits from its non-insurance subsidiary Grovewood Securities.

Net profit for the year amounted to £56.8m compared with £34.4m. The dividend for 1983 amounts to 20p against 17p for 1983 with a final payment of 12p.

Premium income on general insurance business rose 9 per cent from £521.7m to £571.7m, while the solvency margin improved from £100 per cent to 130 per cent. Underwriting losses amounted to £60.3m against £63.7m in 1982, while investment income climbed from £100.3m to £109.9m.

Underwriting losses in the UK and Republic of Ireland amounted to £44.3m on a premium income of £399.2m. The overall trading profit in the UK, after allowing for investment income, rose from £10.4m to £17.9m.

The commercial accounts in the UK showed considerable improvements last year despite competition remaining severe. Underwriting losses on commercial fire fell slightly from £6m to £5.8m, while on commercial liability they fell from £13m to £7.2m. Recent signs indicate a hardening of premium rates.

On the domestic account the household business showed a slightly higher underwriting loss of £12.4m against £12.2m, due to the rising number of theft claims. The motor account, in contrast to other insurance companis, showed slightly lower losses of £1.5m against £1.9m.

The company warns that premium rates for personal insurances are still far from adequate. There has been some upward movement in motor premiums, but those for household risks are still insufficient to cover claims from adverse weather and rising numbers of burglaries.

Underwriting results in Australia and South Africa improved considerably, but this was more than offset by deteriorating results in Belgium and the U.S.

Long-term premium income fell last year from £345.9m to £314.3m—the drop coming from a reduction in the sale of bonds.

Grovewood Securities again achieved record profits, rising 37 per cent to £23.3m pre-tax. The public offer in December for sale by tender of 25 per cent of the equity of VG Instruments was highly successful.

See Lex

Britannia Arrow £4.1m ahead

Britannia Arrow Holdings, the international financial services group, reports a pre-tax profit of £10.1m for 1983 against £6m for 1982. However, the 1983 figure includes contributions from its recent acquisitions in the UK and U.S.

The attributable profit amounts to £8.73m, compared with £6.07m, with the earnings per share rising by a third, from 4.5p to 6.1p.

The company is lifting its dividend rate by nearly 30 per cent from 1.7p net to 2.2p net, with a final payment of 1.2p net.

Profits from fund management more than doubled, from £3.33m to £7.73m, the main benefit coming from buoyant unit trust sales amounting to £125m last year. The strong worldwide stock markets resulted in these keen sales, higher management charges and profits from operating a box—on-selling old units to new unitholders.

The UK life company subsidiary—National Employers Life—acquired in July last year, contributed £285,000 directly to last year's profits.

Trading profits from the U.S. rose from £300,000 to £1m, most of this coming from a five-month contribution from Gardner and Moss. The other main U.S. subsidiary, Financial Programs, provided a small full year contribution, its profits being mainly ploughed back to cover expansion costs.

Profits from the offshore operations in Jersey showed an 80 per cent increase.

● comment

Financial management companies had everything going for them in 1983 and Britannia Arrow fully participated in the boom. The strong stock markets around the world meant that management charges climbed steadily. It also meant buoyant sales of unit trusts with consequent profits from initial charges and that groups profited from onselling units being cashed in instead of cancelling them.

Britannia has been on an expansionist tack for some years and it seems to be picking winners both in the UK and overseas. The acquired UK life company NEL should contribute at least £1.2m of profits this year in investment management charges and from surplus. NEL's strength lies mainly in pensions, annuity and permanent health business—business that is not affected by the removal of tax relief on life business. The company does transact mortgage repayment business, but feels that this will not be much affected by the changes.

Unit trust sales continue to break records in the UK this year and substantially higher profits can be expected unless stock markets turn down. Offshore operations from Jersey continue to grow despite the Government's restrictions on expatriate life contracts. Fund management in the U.S. remains buoyant. Gardner and Preston Moss should show profits this year of at least £2½m while Financial Programs should now start making its full contribution.

The company is in the process of acquiring Singer and Friedlander from European Ferries, a deal that is likely to be financed by cash and debt rather than equity. Its operations should more than cover the acquisition costs.

Finally the group will have full use of the rights money raised towards the end of last year.

However, the market has fully discounted this expected growth, preferring to wait for a further announcement on the Singer Friedlander acquisition. The price remained unchanged at 84p yielding 3.8 per cent.

Supra recovers to £774,000

AS EXPECTED at halfway Supra Group continued its recovery from 1982's pre-tax loss of £63,000 to turn in a taxable profit of £774,000 for the year to November 1983.

Turnover at this Midlands-based automotive parts maker was up at £11.69m (£10.02m) and there was an operating profit of £841,923 (£406,263) after depreciation of £427,085 (£323,378).

The company went into the red in 1982 after an exceptional provision of £471,121 for overseas debts. In 1983 this fell to £68,054.

Tax took £327,233 (£116,760 credit) and there was a £2,062 loss (£4,738 profit) at its associated company. Minorities took £12,130 (£26,557) and there was an extraordinary credit of £68,035 arising from the sale of the former group head office, Marble House, Warwick.

Earnings per 10p share are shown at 2.92p (0.22p) and a final dividend of 1.15p has been recommended, making a same-again 1.9p net for the year.

The company says the new year has started well with group turnover showing a satisfactory improvement over last year.

However, while the market continues to be highly competitive improvements in the group's factories enable the board to look ahead confidently.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
AB Electronic ......int	1.5	—	1*	—	4*
Babcock Intnl	4.3	May 29	3.6	7.7	7
Ben Bailey ......int	0.8	—	0.4	—	1.2
BAT Inds	4.88	July 2	3.75*	8.25	6.88*
Blue Bird ......int	1.52	Apr 20	1.45	—	4.73
Britannia Arrow	1.2†	—	0.9	2.2	1.7
R. Cartwright	4.25†	May 18	3.38	5.75	4.63
Charterhouse Pet	0.5†	—	0.5	0.75†	0.75
DRG	3.5	—	3	6.5	6
Eagle Star	12	—	10	20	17
Eastern Produce	5	June 14	3.5	6.5	4.9
Ferry Pickering Gp int	1	May 11	0.91	—	2.6
Gibbs and Dandy	1.4	May 18	1.4	1.4	1.4
Jamesons Chocolates	3	—	3	5	5
Ladbroke Group	4.95	—	4.3	9.02	8
Legal & General	12.5	—	11	18.5	15.5
Lex Service	6†	May 22	5	9.75†	8.1
Ocean Transport	2.35	June 1	2.35	4.5	6.65
Park Place ......int	1.75	May 22	1.67*	—	4.38*
Prudential Crpn	13.5	—	10	19	15
Rotork	2.1	May 25	2.15	3.85	3.5
Slough Estates	2.48	May 29	2.08	4	3.33
Superdrug Stores	2.1	—	—	3.5	—
Supra Group	1.15	May 25	1.15	1.9	1.9
Vectis Stone	0.5	May 18	1.2	2.5‡	1.8
Weir Group	1.75	May 25	1.75	2.13	2.5

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Public Works Loan Board rates

Effective March 28

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
Up to 3	9¾	9¾	10¼	11⅛	11¼	11⅛
Over 3, up to 4	10	10	10⅜	11⅛	11¼	11⅜
Over 4, up to 5	10⅛	10¼	10½	11⅛	11¼	11⅜
Over 5, up to 6	10¼	10⅜	10⅝	11¼	11⅜	11⅜
Over 6, up to 7	10⅜	10½	10⅝	11⅜	11½	11⅜
Over 7, up to 8	10½	10½	10⅝	11⅜	11½	11⅜
Over 8, up to 9	10½	10⅝	10⅞	11⅜	11⅜	11⅜
Over 9, up to 10	10⅝	10⅝	10⅞	11⅜	11⅜	11⅛
Over 10, up to 15	10⅞	10⅞	10⅝	11⅛	11⅛	11
Over 15, up to 25	10⅝	10½	10½	11⅛	11	10⅞
Over 25	10⅝	10½	10½	10⅞	10¾	10⅞

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

هكذا من الأصل

How Morgan Bank Nederland serves multinationals in the Netherlands-and worldwide

Morgan officers shown in Amsterdam are, from right: Andrew Peacock, president of Morgan Bank Nederland; Michael Enthoven, manager, corporate finance, Morgan Guaranty Ltd; Theo Röell and Tom van Dort, managing directors, Morgan Bank Nederland.

Morgan Bank Nederland is the Dutch subsidiary of Morgan Guaranty Trust Company of New York. We specialise in wholesale banking and corporate finance for multinational companies and institutional investors, both in the Netherlands and around the world.

From our headquarters in Amsterdam, Morgan Bank Nederland's banking officers and treasury specialists give clients the responsiveness and careful attention traditional in Dutch banking. At the same time we draw on the multiple resources of Morgan's worldwide network to meet the increasingly sophisticated credit, operational, and advisory requirements of domestic and multinational corporations.

Innovative financial structures

For example, we work closely with Morgan Guaranty Ltd, Morgan's London-based Euro-market financing subsidiary, to find innovative, cost-effective financial structures for Dutch borrowers in the international capital markets. We not only respond to our clients' special needs but also help them take advantage of fast changing market developments.

The treasury and foreign exchange experts at Morgan Bank Nederland operate in all the important markets, executing transactions and managing risk exposure. Our advisory team, linked to Morgan's global exchange trading desks, alerts customers to hedging and arbitrage opportunities.

Banking and securities

In corporate banking we're giving imaginative aid and counsel to Dutch companies at home and as they expand outside the Netherlands. We also provide a broad range of services to Dutch-based subsidiaries of foreign multinationals.

As a full member of the Amsterdam Stock Exchange, Morgan Bank Nederland offers professional execution of orders in the Netherlands and abroad. We help clients in the Netherlands and other countries to achieve their funding and investment goals through both public transactions and private placements.

Another important service is domestic and cross-border leasing, through our wholly owned subsidiary Leaseco Nederland. And we advise on mergers, acquisitions, and divestitures.

We invite your inquiry

We will welcome the opportunity to discuss your needs in the international financial markets. Write or call Andrew J. Peacock, President, Morgan Bank Nederland N.V., Tesselschadestraat 12, 1054 ET Amsterdam. Telephone 020-160011.

Morgan Bank Nederland

UK COMPANY NEWS

DRG boosted by interest cut and higher stationery profits

HIGHER TAXABLE profits of £16.1m, against £12.5m, were achieved by DRG, manufacturer of packaging and stationery, in calendar 1983.

The increase can be accounted for by a cut in interest charges, from £12.1m to £7.2m, together with higher operating profits from manufactured stationery of £12.6m, compared with £8.2m. The previous year's results included a £5.2m contribution from South African interests which were disposed of last March.

After excluding turnover of £20.6m (£79.5m) and profits relating to these interests, ongoing businesses expanded sales by £43.3m to £543.4m and pushed operating profits up to £22.6m, against £18.7m.

The dividend is being raised for the first time in four years with a final payment of 3.5p (3p), making a total of 6.5p (6p). Earnings per 25p share were shown rising from 8p to 16.2p.

The directors say that now that the company has a much stronger balance sheet, the main objective is to improve profit margins, and thereby maintain progress towards an acceptable return on shareholders' funds.

There was a cash inflow of £38m in 1983 which, the directors say, could not have been achieved without continuing emphasis upon cash conservation, including further reduction of the proportion of working capital to sales to 10 per cent. Debt to shareholders' funds ratio was reduced to 41 per cent (86 per cent) by the year end.

Looking ahead, they say that order bookings and sales so far this year reflect the apparently improving economic trend, but point out that there is an accompanying hardening of raw material prices.

A breakdown of operating profits shows (in £m): manufactured stationery £12.6 (£8.2); packaging £8.7 (£6.4); trading loss £1.3 (profit £2.3); engineering £2.6 (£2.8); unallocated central costs nil (£0.6); discontinued businesses nil (credit £4.8).

Tax took £1.3m (£6.4m) minorities accounted for £1.2m, (£1.1m), and extraordinary items absorbed £1.6m (£4.9m) to leave an attributable profit of £12m (£0.1m).

● comment

DRG finds itself in a vexing position. The four-year agony of rationalisation in the main UK businesses is finally paying off, but at the same time a *number of more peripheral* businesses are going wrong. Besides the strike in Canada, the second half saw a £1m downturn in the markedly tougher French market. The upset which surprised the market, though, was the serious second half loss incurred by the companies selling copiers and electronic office equipment in the UK. Those responsible have left the company, but there is obviously a question mark over the vigilance of central management. It is hoped, though, that the trading division as a whole will return to the black in the current year, and the main stationery and packaging divisions are evidently still recovering strongly. On a conservative £21m for the current year, the shares—down 11p at 125p—are on a fairly undemanding prospective p/e of 7.

Cecil Gee improves 25% to over £1m

IN ITS first set of full year accounts since joining the USM last June, Cecil Gee, menswear retailer, reports a 25 per cent rise in pre-tax profits from £867,000 to £1.08m for 1983 on turnover 38 per cent ahead from £11.9m to £16.5m.

Earnings per 10p share are given at 8.8p (6.6p), and, as forecast, the dividend is 2.1p net.

The directors say the company's expansion programme should provide growth in coming years, although certain higher costs prevented the group from increasing margins in 1983. The company continues to grow organically and through acquisition, they add.

In January a 14.5 per cent holding in James Walker Goldsmith and Silversmith was purchased. The takeover bid by H. Samuel for James Walker values this holding at over £2m, with Cecil Gee showing a profit of above £800,000 at the current offer price.

Babcock gets boost from N. America and Europe

A SHARP swing back into the black by its North American and FATA European groups enabled Babcock International, engineer and contractor, to lift its profits before tax by £13.6m to £34.08m for the 1983 year.

For the second six months group profits emerged at £20.04m, which compares with last time's £12.21m.

Taking into account the financial strength of the group and the improvements in both trading conditions and profitability the directors, headed by Lord King, the chairman, are paying an increased final dividend of 4.3p which lifts the net total from 7p to 7.7p.

A scrip issue on a one-for-10 basis is also proposed.

Shareholders are told that improvements in economic activity in some countries in 1983 brought benefit to the engineering sector, although this was mainly at the lighter end of the manufacturing spectrum.

Businesses involved with the motor industry and supplying consumer markets began to recover but there was virtually no change in the continuing slack demand for major plant construction throughout the world.

Lord King points out that these conditions favoured most of the principal markets served by the North American and FATA European groups whose combined performance of moving from trading losses of £1.8m in 1982 to profits of £14.9m was the feature of 1983.

For most part the profit recovery reflects a "return towards more normal levels of trading in the majority of the businesses of these two groups."

The value of uncompleted orders on hand at the start of 1984 totalled £1.09bn (£1.36bn)—a decline in order backlog was experienced in all principal operating companies outside North America.

However, overall, there is still a sizeable volume of work on hand throughout the group and, while order books may be at their lowest total since the beginning of 1981 the "immediate business prospects throughout the group are generally at least as good as, and in some areas better, than they were a year ago."

The group's markets in 1984 are expected to undergo gradual improvement. Competition will continue to be fierce but Lord King says the group faces the future with confidence and is "looking for growth."

Turnover for 1983 amounted to £1.02bn (£1bn). Pre-tax profits after redundancy and reorganisation costs of £3.5m (£4.5m) and a £5.1m provision which was set aside as a precautionary measure in respect of contracts in Saudi Arabia and South Africa.

Tax rose from £8.04m to £12.48m and earnings came through at 19.4p (11.1p) per 25p share.

See Lex

Superdrug tops £6.8m as growth continues

THE GROWTH experienced by Superdrug Stores in the first nine months continued in the final quarter resulting in a full year taxable profit of £6.84m, some 29 per cent ahead of last year's £5.31m.

A growth rate on the year of nearly 33 per cent in the last three months to February 25 1984 was slightly ahead of the average of 28 per cent achieved in the first three quarters.

Full year turnover of this toiletries retailer expanded from £81.33m to £101.46m, with £29.19m (£22.69m) attributable to the final three-month period.

The directors have declared a final dividend of 2.1p making a total of 3.5p. Shareholders representing about 40 per cent of the ordinary capital intend to waive all but a nominal amount of their entitlement.

Tax took £2.83m (£2.34m) and extraordinary items, being a provision for deferred taxation, absorbed £2.27m (credit £53,000).

● comment

Superdrug came in on target with its £6.8m pre-tax profits but it was too dull for the market which marked the shares down 10p to 298p. Margins edged up slightly helped by the growing proportion of own label goods on the shelves which reached 19 per cent of turnover. The 31 new stores opened in the year brought the total to 174. Another 35 plus stores are planned for the current year and a further small increase in the proportion of own label. The company is reaching saturation point in warehousing facilities and will spill over into a temporary satellite site until its new depot in the north east is ready in the autumn, at a cost of around £5m. The market expects around £8.4m for the current year which gives a prospective p/e of 21. It has come down from the mid-30s it reached after coming to the market but still recognises considerable growth potential.

LADBROKE INDEX
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874-878 (−4)
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Aurora shows sharp recovery

WITHOUT THE burden of its special steel manufacturing activities and high interest charges, Aurora swung back sharply from losses of £3.85m to pre-tax profits of £3.19m in 1983.

Sales of this general and precision engineer were lower at £91.34m, against £103.43m. Operating profits climbed from £1.32m to £5.61m and represented £5.52m (£4.85m) from continuing businesses and £90,000 (£3.54m losses) from activities sold or closed.

The directors say scope remains to improve productivity and the utilisation of assets. Signs of a modest but sustained upturn in order intake are at last apparent and the group is in a stronger and more stable position than for some years.

The improvement in UK profitability at halfway continued in the second half. Most companies experienced a steadily improving trend in order intake, although in certain areas, particularly steel castings, demand has not recovered.

The group's Australian companies maintained their improvement in the second half, both in terms of profits and cash flow. The Canadian subsidiary also had a good year.

Net debt was reduced to 35 per cent of shareholders' funds at the year end, both as a result of last July's capital reorganisation and through substantial cash generation from operations.

There is again no dividend for the year—the last payment was in respect of 1980.

Stated earnings per share were 2.37p (4.64p losses). Tax took £909,000 (£458,000), minorities £3,000 (nil) and in 1982 there was also an exchange loss of £43,000. *Extraordinary credits* this time amounted to £1.94m (£13.39m debits) and arose from the sale of the Openshaw steel manufacturing assets at above book value, less adjustments to other provisions.

Pre-tax results were after lower interest payments of £2.49m (£5.46m).

● comment

This could be the new dawn for Aurora. Its bankers ought to be well pleased with the progress the group has made since it was rescued last year from the brink of disaster. And the figures show that Aurora's solid engineering businesses perform well when not lumbered with weight of the catastrophic venture into special steels. There should be more to come this year, with management attention firmly focussed on the surviving companies and the benefits of an upturn both in the UK and in Australia. Restructuring, disposals and good cash flow have brought gearing down to a reasonable 35 per cent. All this will be little consolation to Aurora's old shaeholders who have seen the value of their investment decimated and this year at least get no dividend. But for the potential investor the preferred ordinary shares issued at reconstruction, which form 97 per cent of the new equity, look attractive, with a 9 per cent fixed return, and conversion, dividend participation and voting rights. These shares were 17½p, up 2½p.

BARCLAYS 1983

Barclays well placed as economic recovery gathers speed.

The Annual General Meeting of Barclays Bank PLC will be held in London on 25th April 1984. The following is the address to the Stockholders by the Chairman, Sir Timothy Bevan, for the year 1983.

I am glad to report that the final result at £557 million is not unsatisfactory, particularly in the light of the various strains to which international banks have been exposed. Historically, banks do relatively well at the onset of a recession, when both interest rates and bank lending have reached high levels, but in return they continue to suffer in the first phase of a recovery when interest rates are lower and corporate lending remains slack, but bad debts continue to rise. The past year has been no exception; and 1983 was the worst year on record for the number of business failures. Thus it is that our results have again been adversely affected by provisions for bad and doubtful debts both in the United Kingdom and overseas, and in recognition of these continuing uncertainties, particularly internationally, we have thought it right to increase the level of our general provisions to £306 million.

As stockholders will know, it is planned to merge the Clearing Bank and Barclays International, and so I hope that by the time the next statement comes to be written the Group will be operating as one integrated unit; but in the meantime I would like to say a little about some of the divisional activities in 1983.

U.K. Division

In Barclays U.K., Mr Henry Lambert, a Group Deputy Chairman returned as Divisional Chairman on the departure of Mr DV Weyer (who remains on the Group Board) to be Deputy Chairman of British Telecom.

Profits have been maintained at much the same level as those of last year, but this apparently flat performance conceals a useful improvement – in 1983 there was a fall in average base rate from 11·9% in 1982 to 9·8%, and 1982's results owed around £45 million to profits realised from Gilt-Edged securities. We are also now reaping the rewards of a systematic drive on costs, and there has been a useful growth in fee income from admittedly low levels.

Although last year brought an encouraging upturn in several sectors of the domestic economy, many of our customers, especially in manufacturing, still need nursing, and our bad and doubtful debt list shows that a number have succumbed in spite of our support. Happily more still have succeeded, in the difficult and dangerous years since the first oil shock, in cutting down unnecessary expenses, preserving adequate liquidity, and making themselves efficient enough to prosper in the future. Much of the country's success in the years ahead will depend on progress both in the entirely new industries which science is creating, and on how traditional industries use modern manufacturing technology and machinery. We have formed a well regarded high technology unit to back our rapidly expanding involvement in this challenging field.

We have now had a full year of Saturday opening and the activity we see shows how much our customers (and those of other banks) appreciate the service and the informal and relaxed atmosphere in these branches. We are well pleased with the response, which has justified our initiative.

The proportion of our credit balances held on cheque accounts has been maintained at about 26%, but we have been faced with a continuing drain on our seven-day deposit accounts, where funds have again gone to the Building Societies and to National Savings. Whilst relatively high interest rates, basically caused by the distant U.S. budget deficit, are attractive to savers, the consequence for the borrower, particularly the troubled industrial borrower, is expensive.

International Division

In Barclays International, Mr Frank Dolling succeeded Mr Lambert as Divisional Chairman and Group Deputy Chairman. He is also the first Chairman of Barclays International to have spent virtually his entire working life in that part of the Group.

We have formed a U.S. Committee, the Chairman of which is Mr Bill Sneath, a distinguished American businessman, to advise on all our U.S. operations – we have all told $13 billion in assets and 7,700 on the payroll there.

In South Africa our interest in Barclays National has been reduced from 55% to 50·45% by not taking up our rights in a recent issue made by Barclays National, and in anticipation of the requirements of the South African authorities.

As I have already indicated, our overseas operations have not escaped their share of bad and doubtful debts and provisions are at a record high level. But profits have shown a strong recovery, and what is pleasing is the upward trend of trading profits before provisions. In North America, where we had suffered, particularly in the energy sector, the problems have been identified; and an overall loss in 1982 has been converted to a modest profit in 1983. The upturn in the economy in the U.S.A. should help us to continue to expand our business and to build on the solid base we have established. In Hong Kong, like other banks, we have felt the effects of the collapse in property values, but elsewhere the profit contribution from our relatively recently established operations continues to grow. We therefore expect to continue the process whereby the Group becomes less dependent on profits earned in the U.K.

Barclays Merchant Bank

This has also continued to do well both in its own right and as a promoter of invigorating ideas to other parts of the Group. We are fully committed to expanding our merchant banking operations both in the U.K. and on an international basis, and to this end have formed an International Merchant Banking and a Corporate Services Division.

Mercantile Credit Company

The Company has had a difficult year as the recession continued to bite, with increased bad debt provisions having to be made, particularly in the traditional consumer portfolio. This has resulted in lower profits, and against this background the Company has made strenuous and successful efforts to improve the quality of its business, and is concentrating on reducing its costs. It looks forward to the future with confidence.

Trust Company

1983 was a good year for this Division. All the companies within it benefited from the strength of stockmarkets throughout the world, but equally important factors were very healthy inflows of new business and continued success in containing the growth of operating expenses. As a result, the Division's contribution to Group profits was higher than ever before.

Capital Adequacy

During 1983 we raised U.S.$400 million of loan capital in what was the largest ever private sector foreign issue in the U.S. bond market. This, together with retentions and other smaller loan capital additions, contributed to an increase of over £700 million in the Bank's capital resources and, coupled with control over our asset growth, there has been as a result a further strengthening of capital ratios.

Since the end of the year, taking advantage of favourable Euromarket conditions, we have raised a further U.S.$350 million.

Profits

Bank profits are an emotive subject, and sometimes I feel it is an unfair world in that criticism seems to come from two totally different directions. Firstly, from the investment analyst who says they are too small, and secondly from some observers of the domestic scene who say that the High Street banks make too much.

In a sense, both can make a case. From the point of view of the analyst, average capital resources for the year amounted to about £3,950 million, and as a measure only, if that money were to have been invested in United Kingdom Government securities, in 1983 our profit would have been in excess of £490 million instead of the £659 million total group profit we have declared. Thus the additional return which the 135,000 staff of the Barclays Group provided in 5,570 offices around the world was only £169 million which is, arguably, too small to compensate for the risks involved in banking.

Secondly, from the point of view of the domestic commentator, the profit might be considered too large if Barclays were just a High Street bank – it is not – it is the sixth largest international bank in the world, and more than half of our balance sheet relates to our international business.

Sometimes, too, it is argued that the banks pay too little tax, but again this argument has little validity. If leasing customers could not use the banks' tax allowances, investment might well diminish, with all that that entails for national growth and unemployment – and leasing is reckoned to have accounted for 18·3% of total U.K. manufacturing investment in 1982, and is forecast to account for over 16% in 1983.

Change

1983 was a year of upheaval and change, and at home the scene has become still more competitive, especially in our personal sector business. This is not unfair, but it does mean that the banks will have to change their ways to provide the service that the customer wants. In the past, the banks have tended to tell their industrial customers that they must adapt to new conditions or gradually fade away, but banks themselves must be prepared to face change too.

For instance, in 1950, when I joined the Bank, 75% of the Clearing Bank deposits were in non-interest-paying current accounts, and in return for leaving that money with us interest free, customers were provided with a multiplicity of branches each offering the services of the Bank for no charge, or at only a fraction of their cost.

Now our cheque account balances have fallen from 75% to 26%, but if customers have decided to keep that much less on cheque accounts the implication is that they will have increasingly to pay for services as they are used. If this is what customers want, then, of course, we must provide it – for instance, as I said earlier, we think that many personal customers want to use a branch on Saturdays, so we have opened about 440 of them. The changing scene should not mean we will employ fewer staff, but should mean that by adapting we can attract more customers.

Corporate customers also require specialised service, and to this end we are pressing on with improvements to our world-wide electronic data processing systems.

This is an expensive and time-consuming business, but we have a sound and increasingly advanced infrastructure. The range of computerised banking services which we can offer through this network is rapidly growing. In the knowledge that we shall need to widen these for our corporate customers in the coming years, we have introduced a new cash management service, marketed under the name of BarCaM, which has taken more than 40,000 man-hours to develop.

The changing scene is not restricted to the United Kingdom: the U.S. banking industry is also in a state of flux, and in South Africa too things are changing fast, with interest being paid on cheque accounts, and consequently increased emphasis on transmission charges.

The world over, consumerism is on the march and we should welcome it, as we have welcomed the report of the National Consumer Council in the United Kingdom – consumerism is, after all, the voice of the consumer whose financial needs we have to serve to provide our livelihood.

It is to face the challenges of the 1980s that we are proceeding with the reorganisation of the Group into one bank that was mentioned in my statement last year. The necessary Bill has been deposited in Parliament and those involved in the Bank are enthusiastic, for there is a general realisation that in today's integrated world, the Bank too has to operate as an integrated unit. This means change and adaptation for us all.

The Economy

Turning first to the economy at home, the outstanding feature has been a fall in the inflation rate to a figure no higher than the world average, and one that is certainly lower than seemed likely a year ago. This achievement, mainly the fruit of the Government's financial policies, has checked the erosion of money and savings, and has improved confidence.

An immediate consequence has been a considerable increase in consumer spending over the past eighteen months, which has been reflected, as far as the banks are concerned, in a high rate of growth of the demand for advances from our personal customers.

By way of contrast, the combination of relatively low capital outlays by industry at a time of a long overdue improvement in profitability and a buoyant new issue market led to a relatively weak loan demand from manufacturing industry in particular in 1983.

In the current year the increase in consumer spending is likely to slow down whereas corporate capital outlays will probably show a welcome increase. As a result, the increase in bank lending to the personal sector could well decelerate, but lending to the corporate sector will probably expand.

This is as it should be: for the upturn in the economy to be soundly based we need to see the emphasis changing from consumption to investment. But if the industrial upturn is to become a solid revival, it will require a continued improvement in profitability from its still low level, and this in turn will require continued restraint of wage costs or a commensurate improvement in productivity. It is unlikely that industry will receive much further benefit from interest rate movements in 1984.

Many of our industrial customers will benefit from the revival of the world economy as the upturn in North America and Japan finally spreads to Europe, which is the U.K.'s biggest market. But the world upturn is likely to be modest by past standards; real interest rates are still too high, and deep structural problems persist.

International Banking

The international banking scene is still sombre, if not as threatening as it seemed a year or so ago. The first point I should make to stockholders is that your Bank is relatively well placed: for instance, our total Latin American exposure amounts to about 3½% of total assets, which compares favourably with most other international banks.

On the overall situation millions of words have been written, but it seems to me that the basic facts are fairly clear. World trade was severely dislocated by the oil price rises of 1974 and 1979, which caused worldwide recession – as an example of this, the volume of laid-up shipping in the world was only about 1 million deadweight tonnes in 1974 compared with 84 million deadweight tonnes today, which is the equivalent of about 12% of total world shipping tonnage. Traditionally, the job of banks is to foster world trade – thus two-thirds of our Brazilian exposure is trade-related – and the dislocation of world trade in recent years would have been even worse if the banks had not played their part.

But in many of the countries that have taken their re-scheduling medicine by cutting imports and investment and standards of living, increasing only exports, there is a limit to how far they can go for domestic political reasons. Equally exports cannot for ever be increased if a large part of the world is restricting imports, including the richer countries that are following restrained financial policies to curb the menance of inflation.

At the same time banks generally are reluctant to increase their country limits – and correctly so. Banks have to spread their risks and not place too many eggs in one basket if a major bank collapse is to be avoided.

To compound the problem, the interest payment burden of debtor countries is largely determined by U.S. interest rates, and at their present level of indebtedness the net interest bill for the non-oil developing countries is running at about $44 billion per annum, contributing to a combined current account deficit of some $65–70 billion in 1983.

Finally, the growth of the Eurocurrency market on which banks depend for a large proportion of their international funds has declined sharply, which could eventually make it more expensive for the level of lending required to be supplied. In December 1982 the Euromarket was reckoned to total about $1,400 billion by the Bank for International Settlements, and by the end of 1983 it is estimated to be $1,430 billion, a very low rate of growth when compared with an average of about 18% in recent years.

In these circumstances an international effort by both governments and banks seems to be called for – governments should not ignore their responsibilities, but banks should not expect their governments to free them from the penalties of errors or misjudgements they have made in the past.

Nevertheless, it is clear that there is a limit to the contribution which both banks and governments can make to solving the problem of international indebtedness. Banks are constrained by their capital resources and by commercial prudence, while governments are restricted by the reluctance of taxpaying voters to foot the bill.

It follows that a cure for the problem – as opposed to the application of first-aid – will require a return to the financing of developing country projects through the medium of private capital flows outside the world banking system. This, however, will happen only if the developing countries themselves take the measures necessary to encourage private capital, and in any case it is unlikely to happen overnight.

Unless there is a somewhat miraculous combination of high economic growth and low interest rates in the developed world, the problem of international indebtedness is likely to remain with us for some time, but discussion and understanding would be a useful first step.

Staff

Earlier in this statement I mentioned capital ratios, but perhaps I could end by mentioning the most important capital asset that stockholders have – an enthusiastic and socially responsible staff. Stockholders are fortunate in this, their greatest, asset.

Timothy Bevan

Sir Timothy Bevan, Chairman of Barclays Bank PLC. 1st March 1984.

REGISTERED OFFICE: 54 LOMBARD STREET, LONDON EC3P 3AH. REG. NO. 48839.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1978=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1983							
1st qtr.	99.5	94.3	85	105.5	115.9	3,003	124
2nd qtr.	99.6	94.2	91	107.3	119.7	2,987	135
3rd qtr.	101.3	95.7	90	108.3	124.0	2,950	160
4th qtr.	102.1	96.2	96	110.3	151.4	2,941	162
July	101.1	96.1	96	107.0	123.8	2,957	153
August	101.0	95.4	88	107.6	123.7	2,941	162
September	101.7	95.6	81	110.0	124.3	2,951	164
October	101.6	95.7	91	109.0	130.4	2,941	167
November	101.8	95.8	91	110.9	141.0	2,937	163
December	102.9	97.1	97	111.0	176.6	2,946	155
1984							
January	103.6	97.6		107.7	123.4	2,976	152
February				108.9		3,005	149

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1983							
1st qtr.	95.7	91.5	105.0	92.9	99.8	88.7	18.1
2nd qtr.	95.6	90.2	105.8	92.4	104.2	88.7	19.8
3rd qtr.	97.0	90.5	108.5	93.4	104.3	89.8	17.2
4th qtr.	96.8	91.5	109.4	94.0	108.1	90.2	15.9
July	97.9	92.0	107.0	94.0	107.0	91.0	17.2
August	97.0	90.0	108.0	93.0	100.0	87.0	16.5
September	97.0	90.0	110.0	93.0	106.0	91.0	18.0
October	97.0	91.0	109.0	94.0	110.0	89.0	18.6
November	97.0	91.0	109.0	93.0	104.0	90.0	18.2
December	97.0	93.0	110.0	95.0	111.0	92.0	10.9
1984							
January	97.0	93.0	111.0	96.0	115.0	90.0	13.1

EXTERNAL TRADE—Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1983							
1st qtr.	102.3	104.5	+203	+1,094	+1,801	97.7	17.34
2nd qtr.	100.3	106.6	−460	− 37	+1,556	98.2	17.71
3rd qtr.	99.3	106.6	−248	+653	+1,521	99.4	17.90
4th qtr.	107.4	112.7	+ 5	+339	+2,123	98.7	17.82
July	96.9	106.2	−222	+ 78	+464	99.0	17.94
August	98.9	106.5	− 78	+223	+532	99.5	18.01
September	102.0	107.2	+ 52	+352	+525	99.6	17.90
October	103.2	118.0	−423	−312	+561	98.8	18.10
November	104.8	108.2	+ 71	+183	+661	98.7	18.10
December	114.3	112.1	+358	+469	+901	98.7	17.82
1984							
January	102.2	112.6	−339	− 89	+719	98.2	17.78
February	116.8	110.5	+569	+819	+823	97.6	17.98

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	Base rate %
1983							
1st qtr.	9.5	8.1	10.6	+4,456	1,174	2,520	10.50
2nd qtr.	15.3	14.6	15.0	+5,087	1,071	2,540	9.50
3rd qtr.	8.5	8.4	24.6	+1,491	2,098	2,646	9.50
4th qtr.	10.4	8.8	18.9		2,745	2,815	9.00
July	14.0	12.5	21.5	+ 776	739	828	9.50
August	11.5	10.8	22.5	+ 644	525	926	9.50
September	0.6	2.1	29.7	+ 71	834	892	9.50
October	8.6	4.8	22.8	+1,779	987	878	9.00
November	7.5	6.8	22.6	+1,413	870	959	9.00
December	15.3	15.2	11.9		888	978	9.00
1984							
January	7.6	11.5	12.3		926	965	9.00
February	7.7	9.0	12.6		954		9.00

INFLATION—Indices of earnings (Jan 1980=100): basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1983							
1st qtr.	144.7	124.6	121.8	327.0	302.1	277.29	80.5
2nd qtr.	148.0	123.6	124.2	333.7	306.3	272.89	84.3
3rd qtr.	150.9	124.7	125.1	338.0	310.4	288.14	84.9
4th qtr.	153.2	128.4	126.7	341.8	316.4	298.50	83.2
August	150.4	124.6	124.9	338.0	309.4	293.02	85.1
September	150.5	126.5	125.7	339.5	313.0	288.14	84.8
October	151.7	126.2	126.2	340.7	314.5	283.18	83.4
November	152.8	127.4	126.7	341.9	316.1	288.10	83.7
December	155.1	131.7	127.3	342.8	318.5	298.50	82.5
1984							
January	152.7	133.6	128.1	342.6	319.8	295.75	81.9
February		134.1	128.9	344.0	321.4	291.34	82.2

* Not seasonally adjusted.

UK COMPANY NEWS

Legal & General up 20% at £56m

BUOYANT life and pensions business, plus improved general insurance operations, helped Legal & General, Britain's second largest life assurance group, to a 20 per cent rise in pre-tax profits from £46.7m to £56m.

The attributable profit advanced more than a quarter from £34m to £43.1m, with earnings per share climbing from 22.59p to 28.46p.

Dividends for 1983 are lifted 19 per cent to 18.5p (15.5p) with a final payment of 12.5p.

Worldwide premium income on life and pensions business climbed 23 per cent to £798.7m. The post tax surplus from the long-term funds, excluding the U.S. life subsidiary, determined by the annual valuation, rose 16 per cent to £188m.

The actuary modified some of his assumptions to prevent last year's large increase in new business unreasonably restricting the surplus. The allocation to shareholders was increased from £22.7m net to £26.9m.

The U.S. life subsidiary, Banner Life, showed a gross profit of £11m last year, against £9.1m in 1982.

Worldwide general insurance premium income rose 13 per cent in 1983 to £191.1m (£169.4m), with a 115 per cent solvency margin at the year end.

Underwriting losses on general insurance operations were reduced slightly from £25.3m to £24.6m, due to a better result from the UK.

Here the more favourable weather last year resulted in losses falling by a third from £13.8m to £8.9m. The property account accounted for half this loss, with the motor account a further £1m.

Underwriting losses on the specialist reinsurance subsidiary Victory Insurance, climbed more than 50 per cent to £12.3m.

Total funds under management by the group now exceed £9bn, of which £2.4bn are in the managed pension funds and £700m in segregated pension funds. In spite of the rise in pension funds under management, the profit was cut from £6.2m to £5.2m last year.

● comment

Legal and General's profit growth came, as usual, from the rise in profits from the life and pension funds. The actuary has given credit in his valuation for last year's strong growth in asset values. Similar growth can be expected this year from life funds providing the market can hold the rise seen so far. The Group's general insurance operations continue to nibble at the life profits, with the reinsurance operations still recording pre-tax losses. However, there are brighter signs from world reinsurance markets, which should at least stop any further deterioration in reinsurance losses this year. The group's fund management operations are seriously affected by very keen competition for this business which is leading to ever finer profit margins. The share price eventually finished 8p higher at 485p yielding 5.6 per cent gross.

Charterhouse Petroleum moves ahead to £10m

ON LOWER turnover of £18.46m against £20.55m, Charterhouse Petroleum, oil and gas exploration and production concern, improved pre-tax profits marginally from a restated £9.74m to £10.01m in 1983.

Gross profits were down from £13.38m to £12.07m but there was no supplementary petroleum duty this time compared with £3.39m for the previous 12 months.

Exploration amortisation amounted to £4.79m (£2.6m) and administration expenses took £1.32m (£1.31m). After including a £967,000 profit (£218,000 loss) on disposals, the operating balance came through ahead at £6.93m (£5.86m). The pre-tax figure followed interest paid of £641,000 (£582,000) and included that received of £3.15m (£4.31m) and exchange gains of £297,000 (£418,000).

With petroleum revenue tax down to £3.06m (£3.62m) and corporation tax cut from £3.37m to £1.28m, earnings per 25p share have risen from 3.62p to 6.36p. The final dividend is 0.5p net for an unchanged 0.75p total on increased capital.

The directors say the company is well placed to take advantage of the many opportunities now open to it, with the current fiscal climate and projected decline in UK oil and gas production encouraging further exploration both on and offshore.

With the acquisition of interests in the Netherlands the company will have its first overseas income producing stream which is not subject to the limitations imposed by the UK ring fence.

● comment

Charterhouse is still indefatigable at putting the deals together. The DSM tie-up—which came as news to the market—is not major in itself, but has a strategic double edge. It goes some way towards redressing the bias towards income rather than exploration caused by the Forties deal, and it also puts Charterhouse into a joint venture with the Dutch state oil company. This is politically convenient, since through the Fluor deal the company now has an income flow based in the Netherlands. Unlike UK income, Dutch income can be offset against exploration costs incurred elsewhere in the world; this is therefore the first modest step in the strategy of building overseas interests up to a target of perhaps a quarter of the Charterhouse total. The current year will see the benefits of the recent big acquisitions, and pre-tax profits could be roughly £20m. At 142p—up 6p—this would put the prospective p/e in the mid-teens, broadly in line with other companies of similar size.

Prudential raises its dividend by 25%

A NEAR 20 per cent rise in shareholders' profits from £55.6m to £66m is reported for 1983 by the Prudential Corporation, Britain's largest life assurance group.

Shareholders, however, get their dividends for 1983 increased by more than 25 per cent from 15p to 19p with a final payment of 13.5p.

Mr Brian Corby, Pru's chief executive, stated that this dividend increase reflected the underlying financial strength of the life funds and the group's policy that shareholders should benefit from the appreciation in assets of the life funds.

Worldwide premium income on long-term funds rose 12 per cent from £1.38bn to £1.54bn, while the distributable profit on the funds for 1983 rose by 18 per cent from £637.9m to £753.5m. The shareholders surplus amounted to £59m last year—7.83 per cent of the total surplus—compared with £50.4m—7.9 per cent of total surplus—in 1982.

General insurance premium income increased by 14 per cent in sterling terms from £606.5m to £690.3m, the underlying growth allowing for exchange rates being 10 per cent. The solvency margin improved from 59 per cent to 6 per cent at the end of 1983.

Underwriting losses worsened from £67.6m in 1982 to £80.1 last year, due primarily to losses on the UK account climbing from £20m to £25.6m and from the specialist reinsurance subsidiary, Mercantile and General, with losses up from £31.9m to £43.1m.

Premiums on UK general insurance rose 11 per cent from £216.5m to £240.7m, with all main classes showing growth.

Underwriting losses on domestic property, which accounts for nearly half of the UK business, worsened from £8.5m to £10m, primarily from a large jump in the number of theft claims.

The company increased its motor premium income by 5 per cent despite cutting its premium rates in February of last year. But underwriting losses soared from £1.3m to £6m.

Canada produced an underwriting profit of £4.4m against £2.6m and a trading profit of £12.4m against £9.4m. Premium income in local currency terms remained unchanged during the year.

However, with competitive pressures intensifying in the second half of last year, the outlook for this year is less encouraging.

The Pru recorded lower underwriting losses and a trading profit on its European operations, with an improvement in its Belgium subsidiary L'Escaut and in the other smaller European operations.

The Mercantile and General operations continued to be affected by poor world reinsurance trading conditions. The higher losses arose primarily from deteriorations in the marine and aviation markets and in the results of overseas subsidiaries.

There are, however, signs of improvement this year with premium rates hardening and treaty terms being stiffer.

Prudential's with-profit policyholders get an 18 per cent increase in their allocation of surplus from £587.5m to £694.5m.

The group has in 1983 changed from a simple bonus system, under which the bonus additions related solely to the sums assured to a compound system which takes into account attaching bonuses as well as the sum assured.

Thus comparisons of the 1983 rates with previous years are not meaningful.

On ordinary branch assurance the rate is £48 per £1,000 of benefits, while on personal policies it is £62 per £1,000. The Prudential is the first home service company to operate a compound bonus system for its industrial branch policies, the rate being £36 per £1,000.

Terminal bonus rates have been increased substantially.

See Lex

Dufay Bitumastic

Following two cash acquisitions in the year, pre-tax profits at Dufay Bitumastic fell from £709,000 to £568,000 for 1983. Mr C. Attwood, chairman, says the group is showing a significant increase in both activity and profitability in the current year.

Turnover of this maker of surface coatings grew from £13.37m to £15.34m.

Mr Attwood says that extra interest and depreciation charges as a result of the acquisitions caused the downturn in profits.

In view of the current trading position and future prospects the net final dividend has been effectively raised from 1.3333p to 1.6p which increases the total from 2.1666p to 2.6p after allowing for a 1-for-5 scrip.

Earnings per 10p share slipped from 3.96p to 2.2p.

Ricardo Engineers

Despite a setback in the first half at Ricardo Consulting Engineers, with pre-tax profits down from £837,000 to £552,000, the directors say that an improvement in the second quarter has been maintained at the start of the second half.

Revenue for the six months to the end of 1983 increased from £4.94m to £5.06m.

The net interim has been held at 0.875p, adjusting for last year's 3-for-1 scrip. The effective total last year came to 2.5p. Midway earnings 25p share fell from 3.74p to 2.42p.

The directors point out that output of contract design, development and research work at Ricardo during the first quarter was lower than hoped, and overheads carried eroded profit margins.

Electronics side lifts Lex above forecast to £38.3m

COMPARED WITH a forecast of not less than £35m pre-tax profits of Lex Service emerged at £38.3m for the year to January 1. Over the preceding 12 months the group, which is engaged in automobile and electronic component distribution, returned profits of £20m.

The improvement over the forecast, made last October at the time of the £19m rights issue, was largely due to a higher contribution from the electronic components division in the final quarter.

This division generated 25 per cent of group trading profits for the past year and a "substantially higher" contribution is expected in 1984.

Earnings for 1983-84 rose from an adjusted 24p to 39.35p per 25p share and a final dividend of 6p, as forecast, lifts the total from 8.1p to 9.75p net.

Results for January and February show that 1984 has started well for Lex. Mr Trevor Chinn, chairman and managing director, says the UK passenger car market remains buoyant and demand for electronic components in the U.S. and Europe remains "very strong." Schweber's sales in the U.S. over the first two months were 93 per cent higher than the comparable period while sales of the UK electronic components distribution business increased by 113 per cent and those in Germany and France by 110 per cent.

Group turnover for the past year totalled £887.5m (£664.1m).

Current cost adjustments reduce pre-tax profits to £33.8m (£16.7m) and earnings per share to 33.07p (18.96p).

● comment

Electronic component distribution is growing at such a pace that profits this year could top £50m pre-tax at Lex Service. There is inbuilt expansion with a full 12 month contribution from Jermyn, purchased last spring for £15.3m, which increased the exposure to the UK as well as West Germany and France. But that aside volume is clearly well ahead even if the latest figures—93 per cent ahead in the U.S. for the first two months of 1984 for example—are comparing with the quietest months of 1983. The only question is how much of the improvement in margins is thanks to the freakish shortage of components temporarily pushing up prices and how much from the fundamental cost reshaping of Schweber that Lex has accomplished. Meantime Volvo sales (UK registrations up 18 per cent last year) are the driving force behind automotive in the UK and further growth can be expected during 1984. Even the U.S. business might get close to break-even, despite the lack of Californian trucks. Putting aside one-off deferred taxation the p/e is 11 at 435p—modest but is Lex automotive or electronic?

UK COMPANY NEWS

AB Electronic upsurge and makes £19m rights issue

AB Electronics Products, which manufactures a wide range of electronic systems and components, is raising £18.9m after expenses through a one-for-three rights issue at 400p a share.

The fast-growing company yesterday announced pre-tax profits for the six months to December 1983 of £2.04m, up from £806,000, with an 80 per cent increase in sales. The directors forecast a profit for the year of £4.75m, compared with £2.84m.

The company has been broadening its markets over the last couple of years away from a reliance on consumer electronics into electronic systems and components for the automotive industry, computers, telecommunications defence and cable and wireless.

It has acquired a number of large contracts which require the equipping of new factories, the purchase of additional plant and machinery and additional working capital, according to the directors. It is also considering the acquisition of new businesses, particularly to facilitate expansion in the area of applied electronics.

The major contracts include production of the IBM personal computer, Acorn Electron and a microprocessor control system for the new Jaguar XJ40 saloon.

The company has paid an interim dividend of 1.5p net and forecasts a final dividend of 4.5p net. Earnings per share increased from 3.7p to 11p.

The directors say that in the UK, sales of electronic systems continued to increase in the past six months and accounted for two thirds of turnover. Component sales remained disappointing with the exception of thick-film networks and hybrid circuits which together grew by 45 per cent.

Second half profits will not show as great an increase over the first half as usual due, according to the directors, to a world-wide shortage of certain components.

The issue has been fully underwritten by Barclays Merchant Bank and the brokers to the issue are Cazenove.

Dealings in the new shares will commence on March 29 1984.

● comment

AB Electronics has steamed ahead since its last cash call for a modest £3.2m in October 1982. Now the board, led by chairman Mr Henry Kroch, is anticipating the next stage in the group's development. He expects major growth from AB Automotive Products and hopes to increase AB's presence in the telecommunications business where is makes paging devices and modems. Production of the IBM PC is building up and should make a significant contribution in the second half. They company should have no trouble meeting its profit forecast and should exceed £5m. The issue was well received in the market where the shares rose 10p to close at 495p.

Weir falls to £4.9m but final maintained

CONTINUING the decline shown at midway, taxable profits of Weir Group for 1983 showed a 36 per cent decline from £7.68m to £4.94m. At halfway pre-tax profits fell from £3.56m to £2.16m.

An unchanged final dividend of 1.75p is proposed leaving the total reduced from 2.5p to 2.125p.

The figures reflect the reduction in the profitability of the engineering division, and the lower contribution from associates, down from £3.52m to £1.51m.

These were only partly offset by the better results from the foundries and engineering supplies divisions.

A difficult trading year saw turnover slump from £136.9m to £119.83m. Interest charges were lower at £1.59m against £2.46m. Tax took £2.2m against £3.18m and there were no extraordinary debits (£1.76m). Earnings per share were 4.4p (11.5p) basic, and 3.6p (7p) fully diluted.

They forecast that the current year will continue to present problems, but intend to pursue new opportunities for sustainable growth. They hope that in 1984 profits will show some improvement although indications are that this will not be evident in the first half.

● comment

Weir's results came as no surprise to a market in which it is abundantly clear that the recovery still has a long way to go to penetrate the capital goods sector, and the shares stayed unchanged at 27p, not far from their low for the past year. The group has worked hard to cut costs, but it can expect only modest improvement in profitability until demand picks up, particularly for pumps for the oil industry which are its most important product. The massive capital reconstruction of 1981 saved Weir and transformed its *balance sheet but now commits* the group to heavy preference dividend payments at a time when it would obviously like to husband its resources. For the year, pre-tax profits should pick up enough to allow Weir to restore its ordinary dividend to 2.5p from this year's reduced 2.125p. The historic yield is an attractive 12 per cent, which may be enough to move the shares forward a little, but there can be no hope of anything more spectacular.

Slough Estates rises to £20m

TAXABLE PROFITS of Slough Estates, property group, advanced by 25 per cent from £16.17m to £20.19m in 1983, compared with a forecast of not less than £19.25m made in January. The directors expect 1984 to be another year of growth in both profits and earnings.

Earnings per 25p share rose from 7.02p to 7.64p basic or from 6.52p to 7.19p diluted. As forecast, a final dividend of 2.475p net lifts the total to 4p (3.325p) —an effective increase of 20 per cent.

UK rental income increased from £25.11m to £29.12m in the year, while the overseas figure improved by £1.17m to £12.42m. Pre-tax results were after charging £1.26m (£1.22m) in respect of carrying costs on land held for future development.

Net earnings were up from £12.71m to £14.24m, after a higher tax charge of £5.7m (£3.23m) and minorities. Dividends absorb £7.55m (£6.11m) leaving £6.69m (£6.6m) added to reserves.

The results do not include any contribution from Allnatt London Properties and Guildhall Property which were acquired after the year end.

Using the figures derived from the unaudited proforma balance sheet, the company calculates that combined net asset value per share following the completion of the merger is 188p (180p diluted).

Reported net equity assets per share at December 31, 1983 amounted to 189p, against 190p a year earlier, or 179p (175p) fully diluted.

Gross book value of group investment properties and associates as at December 31—taking into account valuations, subsequent additions at cost and exchange rate variations—amounted to £515m (after reflecting a £4m valuation deficit), compared with a previous book value of £496m.

The directors say the 1983 valuation in many respects mirrors the dull market conditions referred to last year, although the aggregated figures mask geographical differences. There are now signs that user interest is recovering, particularly for well-located property in south-east England and also *indications of rental growth*, which should increase investment in the sector and enhance values.

● comment

Slough Estates has traditionally paid generous dividends and shareholders have no reason to complain about the 20 per cent increase in 1983 which gives a yield of 4.6 per cent for the shares which closed yesterday up 1p at 127p. The portfolio of property it acquired with Allnatt and Guildhall will require a lot of pruning and nurturing to boost rental income. The industrial property sector is still dull looking and an injection of more retail and office properties would have provided a more exciting prospect. As it is, the directors say their policy will be to place more emphasis on non-industrial projects in the future, such as the Welwyn Garden City development. It will be a slow transition, meanwhile the ending of industrial building allowances is a blow to the industrial property sector. Analysts expect growth in pre-tax profits of around 14 per cent in the current year, above the sector average, to around £31.5m for the enlarged group.

Rotork exceeds expectations

TAXABLE PROFITS of £3.72m, against £4.14m, for 1983 exceeded expectations at Rotork, manufacturer of valve control equipment, marine craft and machine tools.

But looking ahead the directors say: "*We enter the current* year with guarded optimism, feeling that the worst effects of the recession are behind us, though we are not looking for any dramatic upswing in the current year."

Turnover for the year rose marginally to £25.74m compared with £25.46m.

The year's dividend total is lifted to 3.85p (3.5p) by a final payment of 2.1p (2.15p). Earnings per share fell to 8.4p (11.9p).

The directors point out that although 1983 was not an easy one for the valve actuator market, the company did not experience a marked downturn. Indeed, they add, a modest pick-up in the final quarter enabled turnover and profit for the year to get back within 5 per cent of the previous year's record levels.

Rotork's business had particularly strong inputs from the UK, Far East, Pacific Basin and Australia. Business remained weak in Europe and was particularly tough in the U.S. Two additions to the product range were introduced in 1983 and received a positive reaction.

In the smaller divisions, Ludlam Sysco increased sales by *40 per cent to more than £3m*. The manufacturing plant in Devizes had its best ever year, and should be capable of significantly increasing market share in 1984.

The American subsidiary, Evans, ended the year with encouraging results, profiting from a more buoyant U.S. economy.

Last July the company purchased Pneu-Hydraulics, and the directors are pleased with the way it has integrated into the Group. They feel its ideas for expanding its product range, *coupled with Rotork's marketing* strength, should prove to be an "exciting combination."

Net profits emerged at £1.74m (£2.4m) after a higher tax charge of £1.97m (£1.74m). Extraordinary items, being business sale, rationalisation costs and deferred tax charge, took £763,000 this time.

Forward Technology recovers

After two years of losses, Forward Technology Industries, electronics and specialised machinery manufacturer, has staged a recovery in 1983. Pre-tax profit is £805,000, compared with a loss of £997,000, after £111,000 profit (£183,000 loss) in the first half.

The result was assisted by a substantial reduction in interest charges, from £1.77m to £945,000. Turnover was down, at £32.15m against £44.02m, reflecting the sale in 1982 of the companies plastics and graphic arts subsidiaries.

Despite the return to profitability, the board has decided, because of "still excessive borrowings," not to recommend a dividend, for the second consecutive year. The position will be reviewed in the 1984 interim, they state.

Gibbs & Dandy down 20%

As forecast at mid way, the second half saw some improvement for Gibbs and Dandy, Bedfordshire-based builders' merchant, to lift the pre-tax profit from an interim £58,000 to £240,444 for the year ended 1983. But this was not enough to prevent a 20 per cent drop on last year's result of £302,661. The company will pay an unchanged dividend of 1.4p.

Turnover was up slightly from £13.76m to £14.88m, and a tax credit of £4,664 (debit £17,872) left an attributable £245,108 (£284,789). Earnings per 10p ordinary share were 3p (3.5p).

On a current cost basis, the net profit was up 18 per cent at £111,000 (£94,000).

* * *

Mr E. S. Marguilies, chairman of S. and W. Berisford expressed "guarded optimism" for current year at the company's AGM.

Results to date "would suggest we are on course for a satisfactory year, he added.

R. Cartwright record but outlook unclear

RECORD SALES and profits were achieved by R. Cartwright (Holdings) in 1983, but the directors warn that the outlook for this year is by "no means" clear.

Reflecting tight cost control and marketing action, the group pushed taxable profits up from £891,000 to £1.62m on sales some £2.18m higher at £12.92m.

But the current year has seen a fall in demand for the company's hardware products, though the directors point out this can change very quickly in the present climate and the rest of the group continues in "buoyant form."

The group is principally engaged in the manufacture of door and window furniture.

Taxable profits were struck after operating costs of £2.52m (£2.19m) and lower interest payable of £73,000 (£115,000).

A final dividend of 4.25p (3.375p) lifts the total payout to 5.75p (4.625p) on the enlarged share capital—a final of not less than 3.375p was forecast. Earnings per share were shown at 15.26p (9.44p adjusted) after tax of £729,000 (£357,000).

Yearlings total £16.5m

Yearling bonds totalling £16.45m at 9 1/16 per cent redeemable on April 3 1985 have been issued this week by the following local authorities.

Braintree District Council £0.5m; Cherwell DC £0.5m; East Hampshire DC £0.5m; Middlesborough DC £0.5m; Rotherham (Metropolitan Borough of) £0.5m; Tweedale DC £0.25m; Cleveland County Council £1m; Hambleton DC £0.25m; Macclesfield DC £0.4m; Mansfield DC £0.3m; Motherwell DC £2m; Reigate and Banstead (Borough of) £0.5m; Rochdale Metropolitan Borough Council £1.5m; South Oxfordshire DC £0.5m; Chorley BC £0.25m; Lambeth (London Borough of) £1m; Stirling DC £0.5m; Hillingdon (London Borough of) £1m; Hounslow (London Borough of) £0.5m; Westminster (City of) £1m; Merseyside CC £1m; Tunbridge Wells BC £0.25m; Wimborne DC £0.25m; Chester-Le-Street DC £0.25m; Eastbourne BC £0.25m; Renfrew DC £1m.

Marginal increase at Ferry Pickering

Increased pre-tax profits of £751,000 against £740,000 are reported by **Ferry Pickering Group**, the Hinckley based publisher, packager and toolmaker, for the first half of 1983.

Turnover was £5.16m (£4.7m). Tax took £375,000 (£384,000) and there was an attributable profit of £374,500 (£355,000).

An interim dividend of 1p (0.91p) is declared. Earnings per share are shown as 3.484p (3.302p, adjusted).

Directors report orders are firm and improving.

M & S Canada

Marks & Spencer Canada, 58 per cent owned by the UK group, lifted net profits in the year to January 31 1984 from C$5m to C$7.9m (£4.2m), representing $1.49 (96 cents) per share, before extraordinary items. Sales were up by $25m to $276m.

The company has declared a dividend of 20 cents (10 cents plus an extra 15 cents (10 cents). It plans to split its tock two for one.

Seagram Distillers buys into UK off-licence trade

BY LISA WOOD

Seagram Distillers, a major wine and spirits group, is to make its first venture into the British off-licence trade with the purchase of a 75 per cent interest in Oddbins UK.

The deal worth about £3.6m is expected to take place in mid-April.

Oddbins, which has 57 shops in the UK and three in France with a combined turnover of £31.5m, will continue trading as a separate company and retain its independent identity.

Started in 1967 the chain was bought out of receivership in 1973 by Wine Warehouses Europe. The owners of that company, Mr Nicholas Baile and Mr Dennis Ing will retain a 25 per cent share in Oddbins.

Mr Baile, who will continue as executive chairman and managing director, said the deal would alow the company to expand its numbers of stores. Oddbins has one of the highest percentages in turnover of wine, the major growth area in British drinks retailing.

Seagram Distillers is the holding company for Seagram UK, the British marketing arm of the giant Canadian-based Seagram group, the world's largest distiller.

In Britain the company, with a turnover of more than £80m, owns nine distilleries. Brands include Chivas Regal, Glen Grant and The Glenlivet. It also imports, through Seagram International, a large portfolio of its brands such as rum from the Caribbean, Paul Masson wine from California, wines from Italy and France, and Sandman port and sherry.

Mr Ivan Straker, chairman of Seagram Distillers, said: "We have felt a need for some time to go into the retail end of our trade. Oddbins has a high profile and offers a number of advantages.

"It will help increase distribution of our brands and expand our trade generally. We are fortunate in owning a great deal of the manufacturing end—such as vineyards in California. This will mean we can take our brands from womb to tomb.

"We also believe the off-licences will be an excellent platform to launch new products such as our Captain Morgan's Spiced Rum and Myer's Rum Cream. Bailey's Bristol Cream and Malibu were for example launched by International Distillers and Vintners through Grand Metropolitan's Peter Dominic chain."

Seagram has been more successful in promoting its products in the off-licence trade than in pubs and, the company hopes that the new acquisition will help to win more pub trade through greater public awareness of brands.

During the last year, major brewers confronted by declining sales of drink in pubs and continuing intense competition from supermarkets have been expanding their off-licence chains. Bass, for example, paid £6.8m for the Augustus Barnett chain of wine and spirits shops. Whitbread in January paid £18m for a package of companies from Lonrho including T. F. Ashe and Nephew, a chain of 325 off-licences based in the North and Midlands.

COMPANY NEWS IN BRIEF

Jamesons Chocolates finished the 1983 year with pre-tax profits down from £700,000 to £553,000 after showing a £156,000 advance midyear to £321,000. The dividend total is held at 5p.

Turnover for the year totalled £8.78m (£7.54m), tax took £240,000 (£327,000) and extraordinary items added £264,000 (nil), being a deferred tax credit. Earnings amounted to 12p (14.4p) per 10p share.

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Depressed by losses from computer and allied keyboard training operations, **Park Place Investments** suffered a fall in interim taxable profits from £530,000 to £162,000.

All other divisions performed well and group turnover expanded from £3.63m to £6.2m for the six months to end-December 1983.

The interim dividend is effectively raised from 1.66p to 1.75p. Earnings per share fell to 1.5p (4.2p).

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Attributable profits of **Ben Bailey Construction** jumped from £75,000 to £202,000 in the six months to December 31 1983, after tax of £49,000 compared with £19,000, and the net interim dividend is doubled from 0.4p to 0.8p.

The directors say results reflect reasonable trading conditions and the full year's dividend forecast is "good." For 1982-83 a total 1.2p was paid from attributable profits of £231,000.

Turnover for the half year was £3.32m (£3.03m) and earnings per 10p share are given at 3.86p (1.44p).

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Vectis Stone Group, Isle of Wight holding company for construction, oil distribution, toiletries and leisure interests, has reported taxable profits of £1.03m for the 15 months to December 31 1983 against £576,000 for the year to September 30 1982.

Taxation was £431,000 (£262,000) and after an extraordinary debit of £59,000 to cover compensation payments for loss of office and reorganisation expenses the attributable profit was £535,000 (£314,000). Earnings per share were 3.85p (2.26p) and a final dividend of 0.5p makes 2.5p for the 15 months (1.8p for the year).

* * *

For the six months ended December 31 1983, **Blue Bird Confectionery Holdings** increased its pre-tax profits from £106,142 to £115,103 and is lifting the net interim dividend by 0.73p to 1.523p per 25p share.

Turnover rose to £4.83m (£4.72m) and in the second half these, both in the home and export markets, are expected to rise further resulting in "reasonably satisfactory" results though margins will continue to be under pressure.

First half earnings amounted to 2.43p (0.19p) per share.

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Electra Investment Trust has invested £860,000 in **Stockshoe**, a newly formed company, currently being renamed **Corgi Toys**. Stockhoe has purchased assets, including factory premises, from the receivers of Mettoy Company for £1.2m.

Corgi has an issued share capital of £1m. Other than Electra, which has invested £860,000 by way of cumulative convertible preference shares, shareholders of Corgi Toys comprise several of the management team engaged in the Corgi Toys operation prior to the liquidation of Mettoy.

* * *

Airship Industries rights issue of 12.57m shares was taken up as to 4,835,195 units (38.47 per cent). The balance will be taken up by Bond Corporation Holdings, the underwriters, at 56p per unit. Bond will then hold 30.77 per cent of the voting capital.

* * *

Rohan Group, industrial estate developer, property investor and building contractor suffered a fall in 1983 pre-tax profits from I£3.41m (£2.77m) to £2.38m.

Turnover for the 12 months was £26.94m compared with £25.14m.

An unchanged final dividend of 6.9p holds the total payout at 12.75p per 10p share. Earnings per share fell from 34.46p to 24.48p after a tax charge of £591,000 (£856,000).

Net assets per share as at the year-end were 261p (252p).

* * *

Increased pre-tax profits for 1983 have been reported by **Tharsis**, Spanish pyrites exporter, land development and agriculture group, of £1.1m against £412,000.

Turnover was £5.62m (£5.19m) and tax took £116,000 (£20,000 credit).

Earnings per 25p share are shown climbing to 38.02p (16.62p) and a final dividend of 4p (3p) gross has been declared, making 6p for the year (3p).

* * *

For the fourth consecutive year **Cocksedge Holdings**, structural and mechanical engineer, is in the red at mid-way, with figures for the period ended September 30 1983 showing a loss before tax of £152,200.

This, however, was an improvement on the loss of £279,743 for the comparable period, and the chairman states that there has been an upturn in orders and efficiency which should give a better result in the current period.

Turnover dropped again, from £1.3m to £1.25m, and the company paid no tax. There will be no ordinary or preference dividend.

* * *

West Bromwich Spring, manufacturer of springs and pressings, is passing its half-yearly dividend on the 11½ per cent preference shares due on March 31. The last ordinary dividend was paid in 1980. For 1982 the company reported a loss of £214,000.

* * *

Pre-tax profits at **Whittington International Holdings**, property investor rose from £276,000 to £540,000 in 1983.

Gross profits increased to £1.3m (£376,000) on turnover of £2.4m (£392,000). Operating expenses took £394,000 (£18,000) and interest charges £371,000 (£83,000). Tax was £39,000 (£83,000).

The dividend is being lifted from 0.075p to 0.5p net on the enlarged capital. Earnings per 5p share were 1.64p (1.17p) basic and fully diluted 1.59p (1.07p).

* * *

LCP Holdings has agreed to acquire the Melbourn Science Park near Cambridge for a consideration of £1.24m.

* * *

Sketchley has completed the acquisition of the diaper service division of **Blessings Corporation**. The company has also exercised its option to acquire the industrial laundry and linen supply business of **Crown Linen and Uniform Services**.

* * *

Press Tools has agreed to purchase **Cosmic Car Accessories** of Walsall, for a cash consideration of £46,374.

* * *

Mr Eng Chin Ah, a Malaysian-based businessman, has sold his entire holding of 2.25m shares—11.9 per cent of the equity—in **Concentric**, the West Midlands manufacturer of controls and assemblies for the engineering industry.

* * *

The board of **Highgate and Job Group** has let its offer for **Michael Black** lapse in view of the increased offer by **Emess Lighting** which the Michael Black directors recommend.

Acceptances received in respect of the Highgate offer are being returned.

Mine chairmen see a more favourable outlook for gold

BY KENNETH MARSTON, MINING EDITOR

"THE outlook for gold is more positive now than it has been in the past 12 months," according to Mr Peter Gush and Mr Rawdon Lawrie in the annual reports of the Transvaal gold mines in the Anglo American Corporation of South Africa group.

They point out that for the present the U.S. dollar has taken over gold's traditional role as a barometer of political tensions. Apart from the fall in industrial demand for the metal, other factors in its price weakness they say have been the success of inflation-curbing policies at a time of recession and the high interest rates which have buttressed the dollar.

The picture now appears to be changing. The dollar remains strong but with increasing concern about the U.S. budget deficit the chairmen feel that some downward movement in the dollar appears likely. They add: "As investors diversify their investments to currencies other than the dollar there may be a spill-over into gold."

They also feel that gold will gain whether the U.S. economic recovery is maintain or whether it falters. If it is sustained and inflation is kept in check they expect fabrication demand for gold to grow.

On the other hand, "if the recovery falters, the rate of inflation may increase, which could again positively influence the gold market." For good measure they add that the gold market could be favourably affected by the debt problems of the Third World and by political problems "which plague various regions throughout the world."

On the subject of mine costs the chairmen say that last year's 16.7 per cent increase in South Africa's general sales tax will have a "considerable" adverse effect, especially at the present time of high capital spending. They thus call for the South African Government to give serious consideration to reducing the 15 per cent surcharge on gold mines income tax.

The statements were written before yesterday's South African budget which, instead of reducing the surcharge, has increased it to 20 per cent. This will lower gold mine earnings by up to about 6 per cent in the cases of the more prosperous, low-cost operations.

On the other hand, struggling marginal gold mines such as East Rand Proprietary may take heart from the accompanying news that the demise of the state assistance scheme is to be postponed following appeals by the industry.

Previously it has been decided to give six months' notice of the ending of the scheme. Now a working committee will be given more time to study the mechanics of running down the scheme so that it may be replaced by a practicable and cheaper alternative.

Bougainville studying hydro-electric scheme

THE **Rio Tinto-Zinc** group's **Bougainville** copper and gold producer in Papua New Guinea is contributing to a six-month pre-feasibility study for a local hydro-electric scheme with a peak capacity of about 80 megawatts, it is stated in the annual report.

All the power would be taken by Bougainville which at present is entirely dependent on imported fuel for running its big 155-tonne haul trucks and generating electricity to run mine and mill equipment. A successful hydro scheme could reduce power costs in the longer term.

While most other copper producers were running at a loss last year Bougainville managed to increase earnings—as did the group's Palabora mine in South Africa—and reduced its borrowings to K57m (£46.4m) from K122m at the end of 1982. It also raised cash balances by K27.1m to K35.4m.

This impressive performance was helped by the recovery in metal prices seen during the first half of the year and also by increased production as a result of the commissioning of the 11th and 12th ball mills in 1982.

Because of the continuing decline in the already low grade of its ore Bougainville has constantly to battle with costs and to increase production where possible.

As already reported, a 13th mill is planned but because of the surrounding terrain it will be difficult to increase the number of mills to more than 15.

SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Thursday March 29 1984

Floating rate notes remain out of favour, Page 48

WALL STREET

Restraints start to be set aside

UNCERTAINTIES over Federal Reserve credit policies continued to hold the bond market on Wall Street in check yesterday but proved no restraint to the revived confidence of the stock market, *writes Terry Byland in New York.*

Turnover in leading stocks picked up after a dull start and there was selective buying by major institutions.

The final hour of trading brought a sudden drop in the Federal funds rate, which fell to 5 per cent at one time, sparking off gains of around half a point in the bond market as well as pushing stock prices further ahead. The fall in the funds rate was ascribed to technical factors, including yesterday's bank settlement operations and the approach of the April 1 tax settlement date.

Mr David Jones of Aubrey Lanston commented that the recent switch to contemporaneous reserve accounting of bank reserves had increased volatility in Federal funds at the close of each two-week period. He added that the Fed has been obliged to drain reserves after a sharp drop in its treasury balances, which have increased reserve available to the banking system.

The Dow Jones industrial average ended with a net gain of 20.31 points at 1174.62, on turnover of 105.3m shares, the highest for more than a week.

The improvement ranged over most sectors of the market, with the market leaders recording gains of $1 or so.

The market was helped at the opening by a further dip in the keenly watched federal funds rate which traded down to 9⅛ per cent from an opening of 9⁷⁄₁₆ per cent. The Fed again drained reserves by means of overnight matched sales, which was regarded as an indication that the Fed did not want the funds rate – then at 9⅜ per cent – to slip any further during a week busy with auctions of Treasury securities. However, market fears of an imminent rise in the Fed's discount rate appeared to have abated somewhat.

But the stock market took the view that the continued strength of the economy ensures a bright outlook for corporate profits despite the strength of interest rates.

Among the brightest spots in the stock market was IBM, $1 higher at $114⅞. AT&T was subdued at $15¾, just $⅛ higher as investors assessed the changes for the group's move into computers. Digital Equipment, considered vulnerable to the new competition, slipped a further $ ⅜ to $90⅞.

Other computer and high technology issues made a good showing. Features included NCR, up $2⅛ at $112 and Texas Instruments, up $1⅞ at $139⅞.

But the weak spot on the computer sector was Amdahl, traded on the American Stock Exchange. It dipped by $2⅞ to $14¾ after the board warned of lower profits in the first quarter of this year.

Investment press comment on the signs of recovery in capital goods issues brought in buyers for Caterpillar Tractor which gained $1¾ to $51⅞.

Among the motor issues, American Motors traded actively around the $5⅛ level after the start of a 12m share offer at $5⅜. General Motors, at $63⅞, gained $⅞.

In steels, LTV edged forward $⅛ to $17⅛. The speculative oil stocks came back into favour. Schlumberger, $¾ higher at $54¼ attracted buyers again. Superior Oil at $40⅞ and Gulf at $77 were both a shade better as their respective bid situations moved nearer to culmination.

Adverse comment on Mitel's competitive position in the telephone market took $1 off at $8, and among the consumer issues Avon Products dipped $1¾ to $21¼ after announcing the $239m takeover of Foster Medical.

Monsanto at $91⅞ gained $⅛ and among the drug companies, Merck put on $¾ to $93 and Abbott Laboratories at $39⅞ was $¾ better.

The heavy industrial stocks were slower to follow the lead from the technology sector but General Electric at $53¼ gained $¾.

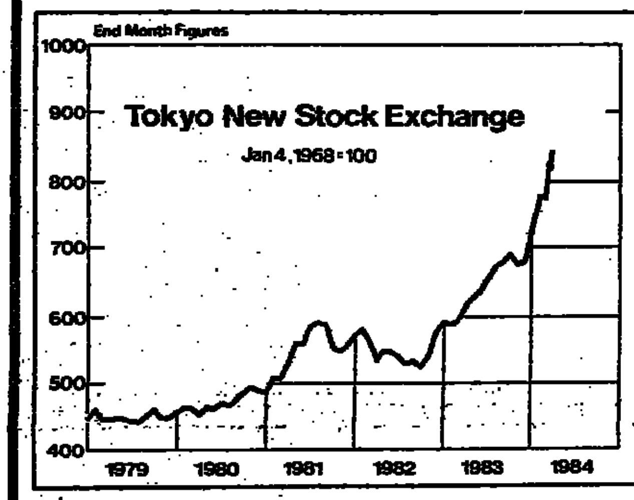
Consumer issues led by Sears, $⅜ up at $32⅞ – continued to benefit from the strength of retail sales and consumer credit.

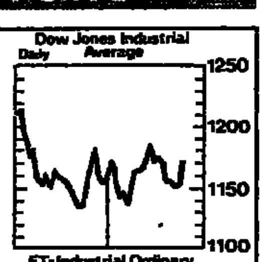
With the federal funds rate continuing to slide, and touching 8¾ per cent by midsession, bond prices began to edge higher. But trading was restrained as the credit market continued trying to guess the policies of the Fed.

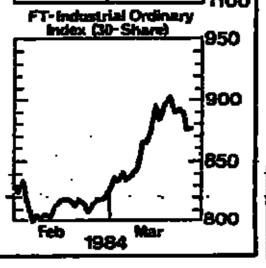
Ahead of the day's auction of $5.25bn in seven-year notes, the existing comparable issue added ⅜₂ to 97⁴⁄₃₂. The key 2013 long bond at 96²¹⁄₃₂ was ¹⁄₃₂ up and yielding about 12.42 per cent.

Treasury bills were very quiet, with the three-month discounted at 9.72 per cent, down four basis points, and the six-month at 9.80 per cent, down seven basis points.

KEY MARKET MONITORS







STOCK MARKET INDICES

	March 28	Previous	Year ago
NEW YORK			
DJ Industrials	1174.62	1154.31	1133.32
DJ Transport	508.33	499.07	511.99
DJ Utilities	128.32	127.46	125.69
S&P Composite	159.88	157.3	151.85
LONDON			
FT Ind Ord	875.2	875.0	651.0
FT-SE 100	1103.6	1101.9	881.3
FT-A All-share	521.14	521.4	407.94
FT-A 500	564.72	565.68	439.96
FT Gold mines	628.8	644.2	546.1
FT-A Long gilt	10.05	10.06	10.92
TOKYO			
Nikkei-Dow	10,700.87	10,528.36	8387.91
Tokyo SE	843.73	829.63	614.02
AUSTRALIA			
All Ord.	739.8	736.2	506.1
Metals & Mins.	518.1	516.2	459.4
AUSTRIA			
Credit Aktien	54.96	55.04	53.57
BELGIUM			
Belgian SE	146.40	146.32	116.70
CANADA			
Toronto Composite	2379.4	2360.3	2117.5
Montreal Industrials	431.49	427.70	354.58
Combined	404.69	401.73	351.49
DENMARK			
Copenhagen SE	179.33	181.93	133.92
FRANCE			
CAC Gen	162.5	162.5	114.9
Ind. Tendance	104.3	104.0	73.1
WEST GERMANY			
FAZ-Aktien	348.53	348.63	300.04
Commerzbank	1023.4	1024.2	905.3
HONG KONG			
Hang Seng	1118.85	1131.25	975.90
ITALY			
Banca Comm.	220.02	220.51	211.65
NETHERLANDS			
ANP-CBS Gen	159.1	157.6	125.8
ANP-CBS Ind	127.3	127.1	108.9
NORWAY			
Oslo SE	258.82	257.06	151.31
SINGAPORE			
Straits Times	980.12	998.51	837.15
SOUTH AFRICA			
Golds	981.8	1002.9	694.3
Industrials	1069.5	1015.1	827.9
SPAIN			
Madrid SE	118.96	118.76	112.25
SWEDEN			
J & P	1550.10	1548.21	1235.57
SWITZERLAND			
Swiss Bank Ind	366.4	366.0	311.6
WORLD	March 27	Prev	Year ago
Capital Int'l	186.1	185.3	165.7

GOLD (per ounce)

	March 28	Prev
London	$386.25	$389.00
Frankfurt	$386.25	$388.75
Zürich	$386.00	$388.50
Paris (fixing)	$387.30	$390.62
Luxembourg (fixing)	$386.20	$389.15
New York	$386.10	$387.30

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR March 28	U.S. DOLLAR Previous	STERLING March 28	STERLING Previous
$	–	–	1.447	1.456
DM	2.5975	2.578	3.76	3.755
Yen	225.1	223.3	326.0	325.5
FFr	7.9925	7.9425	11.565	11.56
SwFr	2.159	2.141	3.125	3.12
Guilder	2.934	2.909	4.2475	4.2375
Lira	1619	1606.5	2341.5	2338.25
BFr	53.29	52.78	77.0	76.85
C$	1.27975	1.27825	1.8505	1.861

INTEREST RATES

	March 28	Prev
Euro-currencies (3-month offered rate)		
£	9	9
SwFr	3⅞	3¾
DM	5⅝	5⅝
FFr	14⅞	15⅛
FT London Interbank fixing (offered rate)		
3-month U.S.$	10¹³⁄₁₆	10¹¹⁄₁₆
6-month U.S.$	11⅟₁₆	10¹⁵⁄₁₆
U.S. Fed Funds	6	9¹⁄₁₆
U.S. 3-month CDs	10.30	10.20
U.S. 3-month T-bills	6.71	9.76

U.S BONDS

Treasury		March 27* Price	March 27* Yield	Prev Price	Prev Yield
11½	1986	100 ⅔₂	11.46	99³¹⁄₃₂	11.51
11¾	1991	97¹¹⁄₃₂	12.36	97⁴⁄₃₂	12.38
11.75	1993	96¹⁹⁄₃₂	12.42	96⁸⁄₃₂	12.43
12	2013	96²¹⁄₃₂	12.45	96⁷⁄₃₂	12.48

Corporate	March 28* Price	March 28* Yield	Prev Price	Prev Yield
AT & T				
10⅞ June 1990	91	12.50	91	12.50
3⅞ July 1990	70½	10.40	70¼	10.50
8¾ May 2000	71⅛	13.00	71¼	13.05
Xerox				
10⅜ March 1993	88⅝	12.85	88⅝	12.85
Diamond Shamrock				
10⅝ May 1993	87¼	13.05	87¼	13.05
Federated Dept Stores				
10⅞ May 2013	81¼	13.15	81¼	13.15
Abbot Lab				
11.80 Feb 2013	90	13.50	90	13.50
Alcoa				
12½ Dec 2012	91	13.50	91	13.50

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	66–24	56–25	66–06	64–28
U.S. Treasury Bills (IMM) $1m points of 100%				
June	90.05	90.06	89.93	89.94
Certificates of Deposit (IMM) $1m points of 100%				
June	89.22	89.24	89.14	89.15
LONDON				
Three-month Eurodollar $1m points of 100%				
June	89.06	89.09	89.04	89.13
20-year Notional Gilt £50,000 32nds of 100%				
June	109–13	109–14	109–08	109–14

COMMODITIES

(London)	March 28	Prev
Silver (spot fixing)	651.75p	655.85p
Copper (cash)	£1063.00	£1072.00
Coffee (March)	£2078.50	£2111.00
Oil (spot Arabian light)	$28.45	$28.35

LONDON

EQUITIES in London traded on an extremely sensitive note, with U.S. interest in key issues translating into broader market movements. The FT Industrial Ordinary index closed 0.2 up at 875.2, while the FT-SE 100 gained 1.7 to 1,103.6.

ICI came under renewed pressure and slipped 6p to 614p, while U.S. demand buoyed Bowater 26p to 320p in further response to the proposed demerger. BAT Industries' preliminary figures were rewarded with a 6p rise to 217p. AB Electronic continued the rights issue season and closed 10p up at 495p.

Gilts remained a backwater and closed little changed.

Chief price changes, Page 40; Details, Page 41; Share information service, Pages 42–43.

HONG KONG

CORPORATE news provided the backdrop to hectic Hong Kong trading which saw the Hang Seng index fall 12.40 to 1,118.85.

Jardine Matheson's decision to reincorporate with an ultimate holding company in Bermuda was revealed after trading, in conjunction with an 80 per cent drop in 1983 net profits. Jardine finished the day 30 cents off at HK$12.60.

Hongkong Land, with a sharply higher loss also announced after the close, was 10 cents down at HK$9.35.

SINGAPORE

BLUE CHIPS were caught in the general malaise in Singapore, which forced the Straits Times index down 18.39 to 980.12, its largest movement of the year. Turnover, 10 per cent lower than the previous session, was the slowest this year.

Times Publishing shed 20 cents to S$8.65; Fraser & Neave lost 10 cents to S$6.15 and Sime Darby retreated 5 cents to S$2.47. Banks were mixed to lower, while property, plantation and shipyard issues closed weaker.

AUSTRALIA

THE TIMOR Sea oil exploration consortium, led by BHP, benefited from strong investor interest in resource issues in moderately active Sydney trading that pushed the All Ordinaries index ahead by 3.6 to 739.8.

BHP added 20 cents to A$13.80 ex-rights while Ampol Exploration was 14 cents higher at A$4.50 and Weeks Australia 3 cents firmer at A$1.95. Overseas buying, notably from the U.S., was detected.

SOUTH AFRICA

MOST SHARE sectors in Johannesburg made no drastic adjustments following the budget measures yesterday and stayed at or near the day's lows that had been triggered by the fall in the bullion price.

South African Breweries shed 15 cents to R7.50, partly in response to a budget increase in excise duty on beer.

CANADA

OIL AND GAS issues were firm in Toronto, while base metal and mining shares moved marginally ahead. Gold-related stocks turned lower in the wake of the bullion price setback.

Industrials proved to be the only resilient spot in Montreal, which saw sharp losses in banks, followed by an easier trend in utilities and papers.

TOKYO

The third biggest surge ever

VERY ACTIVE trading in Tokyo yesterday took stock prices up sharply almost across the board, with the Nikkei-Dow market average surging to yet another new high, *writes Shigeo Nishiwaki of Jiji Press.*

Hopes for a further market rise ahead prompted both individual investors and corporations to buy particularly into financial and heavy electrical stocks.

Of the companies closing their books at the end of March, 617 moved ex-dividend and 78 of them ex-rights.

Despite the resultant downward revision of the Nikkei-Dow average by 39.89 points, the closely followed indicator of 225 select issues jumped 172.51 to 10,700.87, surpassing the previous record of 10,528.36 set on Monday. The increase was the third biggest on record.

Trading volume expanded substantially from Monday's 554.46m shares to 931.15m – second only to some 950m shares traded on January 7, 1983. Gains outnumbered losses by 409 to 275, with 114 issues unchanged.

Securities companies, about to enter the second half of their business year, stepped up their buying, while many investors moved into the market encouraged by a steady recovery of corporate earnings against the background of economic recovery.

Financial stocks such as banks and the securities houses themselves were traded actively. Notably, non-life insurances showed a strong performance. Sumitomo Marine and Fire Insurance jumped Y64 to Y534 and Tokio Marine and Fire Y35 to Y670.

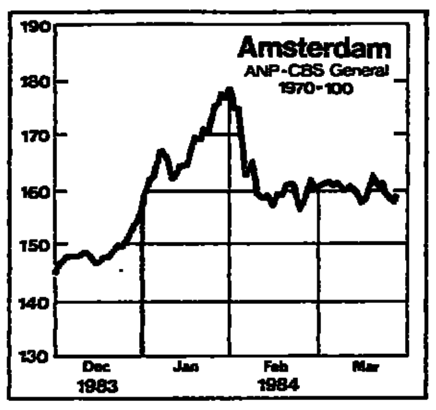
City banks were also in the spotlight, with Sumitomo adding Y40 to Y1,140. Mitsubishi, Fuji and Sanwa topped Y1,000 for the first time. Nomura and Daiwa Securities scored respective gains of Y66 to Y850 and Y64 to Y565.

Hitachi, which spurted the previous day, continued to attract buying interest to close at Y921, up Y16. Toshiba, Matsushita Electric Industrial and Sony were firm.

Buy orders also swelled for medium-priced blue chips, including Sumitomo Electric Industrial and Kirin Brewery.

Kyocera, which carried out a three-for-two stock split, moved to Y7,200, well above the theoretical Y6,590 computed in consideration of the ex-rights position. Fanuc was traded ex-rights and rose to Y10,360, higher than the theoretical Y9,360.

The bond market was inactive, as dealers were busy coping with bid offers for three-year government bonds totalling Y350bn. The yield on the 7.5 per cent government bonds, maturing in January 1993, edged up to 7.205 per cent from 7.20 per cent.



EUROPE

A modest resumption in demand

FIRST SIGNS of a correction of the recent downward drift began to emerge on the European bourses yesterday as modest price improvements in some centres were accompanied by a slight but discernible pick-up in trading activity.

The clearest break from a string of dull sessions was made in **Amsterdam.** The view appeared to be developing that although the current round of sparkling corporate results had in almost every case been generously discounted in advance, it was time for the market as a whole to put Wall Street's woes aside and draw sustenance from the buoyant performance by Dutch industry and commerce.

Domestic and foreign institutions were said to be back in the market, helping to take the ANP-CBS general index 1.5 higher to 159.1. With banks and insurers making much of the running, though, the industrial index put on just 0.2 at 127.3.

Ned Mid led the banks Fl 3.20 up at Fl 160, while Amev – Fl 1 lower at the opening – finished Fl 2.90 ahead at Fl 152.90.

The industrial side was by no means all flat, however. Philips jumped Fl 1.40 to Fl 48.30 amid its release of profit projections. Dealers reported West German interest in the stock.

Publisher Elsevier remained in demand as analysts assessed its prospects for the year – some foreseeing a 25 per cent increase but cautioning that this might already be reflected in the price, at Fl 528 yesterday after a rise of Fl 8.

Foreign buyers were also drawn to Dutch domestic bonds, with government issues up as much as 30 basis points.

A more subdued **Frankfurt** had no time to react to figures from Commerzbank, which slipped DM 1.50 to DM 178.50. Deutsche Bank shed another DM 2 at DM 377 prompted by the weight of paper it is about to unleash.

Deutsche Babcock slid DM 5.10 to DM 160.90 on disappointment at its trading performance.

Bond trading stagnated and the Bundesbank was able to sell only DM 2.4m in paper.

Tuesday's **Brussels** advance, on the back of lower interest rates and hopes of success for the government austerity proposals, was sustained, but not much extended. Gevaert was one of the few to show a prominent rise, up BFr 50 at BFr 3,250.

Société Générale dipped BFr 15 to BFr 1,785 after news of its maintained dividend. Ebes meanwhile added BFr 25 to reach BFr 2,500 for a two-day gain of BFr 80.

Paris remained quiet but managed a 55 to 49 ratio of gains to declines. Among the best of the former was Bio, FFr 17 ahead at FFr 425, while Thomson-SCF was one of those to fall, down FFr 6 at FFr 303.

The revival in **Stockholm** buying activity continued apace, though, with liquidity among institutions there said still to be high. An easing in local interest rates helped sentiment, too.

Volvo remained in demand, adding SKr 4 to SKr 479, while Esselte put on a further SKr 8 to SKr 365 on its profits and dividend boost.

SE-Banken moved from SKr 357 to SKr 345 ex its SKr 13 dividend.

A steady **Zurich** result, favouring no one particular sector, showed Schindler SwFr 15 up at SwFr 2,940 on its expectations of slightly improved profits. Interest rate uncertainties kept many investors away from the market, however, in bonds as well as equities.

The reason for a sidelining of many in **Milan** was the persistent concern over the ruling coalition's ability to secure the limits it is seeking to the *scala mobile* wage indexation system. Brokers said this was eclipsing a healthy round of dividends in recent weeks.

Centrale added L15 to L1,771 and was quoted as high as L1,810 in otherwise moribund after-bourse dealings. Finsider, by contrast, slid L3.4 to L36.6 in response to a wider loss by its Italsider arm.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
20¼	10⅛	AAR	.44	2.2	35	951	u20½	19¾	20⅜	-⅝
52⅞	30½	ACF	1.40	2.8	617	1218	49⅜	49	45⅞	+⅛
22	15½	AMCA	n 1	6.4		2	15⅝	15⅝	15⅝	+⅛
18⅞	13⅞	AMF	.50	3.5		242	14⅝	14⅛	14⅝	+½
50⅞	45⅞	AMF	pf1.75e	3.5		1	50	50	50	
41¾	25¼	AMR Cp			7	3972	34⅝	33¾	34⅜	+⅜
20⅞	17⅛	AMR	pf2.18	12		9	19	18⅞	18⅞	
41½	29⅝	AMR	pf2.13	5.8		526	36⅝	35¾	36⅞	+1⅛
16¾	5⅛	APL			3	20	11¼	11¼	11¼	
55¾	42½	ARA	2.05	4.7	9	68	44	43½	44	+⅛
77½	50¼	ASA	3a	4.6		918	65⅞	63	65⅛	+1⅝
33¾	18⅛	AVX	s .32	1.5	22	517	21⅝	20⅝	21⅞	+1
53⅞	38¾	AbtLab	1.20	3.0	14	1315	40¾	39⅞	40⅛	+⅜
30¼	23½	AccoWd	.60	2.4	17	131	25⅝	25⅛	25½	+½
27½	17⅝	AcmeC	.40	1.9		19	20¾	20½	20¾	-⅛
13	8⅝	AcmeE	.32b	3.2	63	114	10⅛	9⅞	10	
24⅞	12⅝	AdmDg	.04	.3	8	23	14⅝	14	14⅝	+⅛
18⅝	15⅞	AdaEx	2.11e	13		28	15⅞	15⅝	15¾	
19⅝	8⅞	AdmMl	.28	1.6	9	7	18⅛	18	18	
22	12¼	AdvSys			16	78	17⅝	17⅜	17⅜	+⅛
18⅞	6⅞	Advest	.12	1.2	9	27	10	9⅞	10	+⅛
37½	15½	AMD	s		36	2586	29⅝	28¼	29⅝	+1⅝
24⅝	12½	Aerflx	9		14	20	14	13⅞	13⅞	
43½	33¼	AetnLf	2.64	6.8	12	5323	39	37⅞	38⅞	+1⅛
59⅛	54⅝	AetL	pf5.28e	9.4		452	56¼	56⅛	56¼	+⅛
40½	20	Ahmns	1.20	5.2	6	2754	23¼	22¼	23⅛	+⅛
7⅞	3	Aileen				90	4¼	4	4	-⅛
[illegible]										

B-B-B

C-C-C

D-D-D

E-E-E

F-F-F

G-G-G

H-H-H

I-I-I

J-J-J

K-K-K

L-L-L

M-M-M

N-N-N

O-O-O

P-Q

Continued on Page 39

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 40

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 38

12 Month High	Low	Stock	Div. Yld. P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17⅜	9	Wyly		106	10½	10½	10½	+ ⅛
22¾	14⅞	Wynns	60 3.5 10	10	17¼	17	17	− ¼
		X–Y–Z						
52⅞	39	Xerox	3 7.1 10	3343	42½	42	42¼	
53⅝	47⅞	Xerox	pf5 45 11	161	47½	47½	47½	+ ⅛
37	21¾	XTRA	2 3 13	396	27¾	27	27⅞	+ ⅛
34	24	ZaleCp	1 26 4.9 10	579	26	25¾	25¾	
23⅝	14½	Zapata	84 3.7 12	2414	22⅝	22	22⅝	+ ¼
52¼	31¾	Zayre	s 30 8 10	338	36¼	36¼	36¼	+ ½
38⅝	15½	ZenithR	13	776	29½	28⅞	29⅛	+ 1
27¾	19⅝	Zero	s 36 1.7 18	2	21¼	21	21¼	+ ¼
37⅞	22½	Zurnln	1 32 5.3 11	102	24½	24¼	24½	+ ⅛

Sales figures are unofficial Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s) b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. h–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks The high-low range begins with the start of trading. nd–next day delivery P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued ww–with warrants x–ex-dividend or ex-rights xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

CANADA

(Closing Prices) Stock	Mar 28	Varn
AMCA Int.	19⅞	+½
Abitibi	25¾	-
Agnico Eagle	18⅝	+¼
Alberta Energy	20⅝	+⅛
Alcan Alumn	44⅝	+1⅛
Algoma Steel	24¾	-
Bk Montreal	25	-⅛
Bk Nova Scotia	12¼	+¼
Bell Canada	29½	-
Bombardier A	17¼	-
Bow Valley	23⅞	+⅛
B.P Canada Res	-	-
Brascan A	38⅞	+⅛
Brinco	2.45	+0.05
B. C. Forest	12⅛	+⅜
CIL Inc	28⅝	-
Cadillac Fairv.	11¼	+⅛
Campbell Red Lk	-	-
Can Cement Prf	14⅞	+⅛
Can NW Energy	32¼	+¾
Can Packers	26⅛	+¼
Can Trustco	22	-⅜
Can Imp Bank	26¾	+⅛
Canadian Pacific	43⅞	+½
Can. P. Ent.	21⅞	+¼
Can Tire A	12	-⅛
Carling O'Kfe	18¾	-½
Chieftain	17¾	+¾
Cominco	53⅛	+2
Cons Bathst A	26½	+⅛
Copper Lake	2.45	-
Costain	10¼	-
Denison Mines A	-	-
Dofasco	20¾	+½
Dome Mines	20½	+1
Dome Petroleum	4.0	+0.05
Dominion Strs.	20	-
Domtar	32⅞	+¼
Falconbridge	89	+1½
Genstar	24¼	-
Giant Y'knife	24½	-
Gt West Life	285	-
Gulf Canada	18½	+⅛
Hawk Sid Can	16	-
Hudson's Bay	22⅞	+⅛
Husky Oil	11½	+½
Imasco	35⅞	+⅛
Imp Oil A	38⅞	+½
Inco	18⅛	+⅜
Indal	11⅛	-
Interpr Pipe	27⅞	+¼
LAC Minerals	36⅞	+⅝
Loblaw	-	-
Macmil Bloedel	31	+½
Marks & Spencer	14⅞	-
Massey-Ferg	4.5	-
McIntyre Mines	39	-
Mitel Corp	10⅝	-1⅛
Molson A	18⅝	-
Moore Corp	48¼	-¼
Nat. Sea Prods A	6	-½
Noranda Mines	24⅝	+⅛
Norcen Energy	17½	+½
Numac Oil	14¾	+⅛
Nova Alberta	6⅞	+⅛
Nthn Telecom	42	-⅞
Oakwood Pet	8⅛	-
Pancanadian Pet	25⅝	-⅛
Patino	9½	-
Placer Devt	23⅛	+⅜
Power Corp Can	19⅛	-⅛
Quebec Sturgeon	8⅝	-⅛
Ranger Oil	10⅞	-
Reed Stenhse A	12⅞	-
Rio Algom	18⅝	+⅝
Royal Bank	30	-⅛
Royal Trustco A	25½	-
Sceptre Res	4.9	+0.1
Seagram	44	+1¾
Shell Can Oil	26½	-
Simpson Sears A	8¼	-
Stelco	26½	+⅜
Teck B	11½	+⅛
Texaco (Canada)	38⅝	-⅛
Thomson News A	39⅞	-¼
Toronto Dom Bank	15	-
Transalta A	20½	-
Trans. Can. Pipe	15⅝	-⅛
Walker Hiram	24⅛	+½
Westcoast Trans	14⅝	+⅛
Weston (Geo)	66¾	-

AUSTRIA

Mar. 28	Price Sch%	+ or —
Creditanstalt	218	.....
Goesser	326	+1
Interunfall	407	.....
Laenderbank	212	—1
Perlmooser	342	—1
Steyr-Daimler	151	.....
Veitscher Mag	213	—1

BELGIUM/LUXEMBOURG

Mar. 28	Price Frs.	+ or —
ARBED	1,530	—25
Banq Int A Lux	5,200	.....
Bekaert B	3,300	.....
Ciment CBR	2,150	+5
Cockerill	234	—9
Delhaize	4,960	+10
EBES	2,500	+25
Electrobel	6,350	—50
Fabrique Nat	2,150	—10
GB Inno BM	3,105	—5
GBL (Brux)	2,620	—80
Gevaert	3,250	+50
Hoboken	5,070	.....
Intercom	1,960	+10
Kredietbank	6,950	+20
Pan Hldgs.	9,800	.....
Petrofina	7,230	+10
Royale Belge	8,250	.....
Soc. Gen. Banq	3,300	.....
Soc. Gen. Belge	1,785	—15
Sofina	5,740	+10
Solvay	4,040	—5
Tractionel	3,300	+50
UCB	4,855	.....
Vieille Mont	4,290	—15

DENMARK

Mar. 28	Price Knr %	+ or —
Aarhus Olie	351	.....
Andelsbanken	237	—11
Baltic Skand	515	.....
CopHandelsbank	218	—11
D. Sukkerfab	605	—20
Danske Bank	264	—8
East Asiatic	178	—7
Forenede Brygg.	880	.....
Forenede Damp.	194	.....
GNT Hldg.	480	.....
I.S.S.B.	680	.....
Jyske Bank	460	—25
Novo Ind	2,335	+55
Privatbanken	338	.....
Provinsbanken	287	—11
Smidth (F.)	230	—10
Sophus Berend.	1,140	—15
Superfos	470	.....

FRANCE

Mar. 28	Price Frs.	+ or —
Emprunt 4½% 1975	1,868	—3
Emprunt 7% 1973	9,575	—20
CNE 3%	3,490	—8
Air Liquide	518	+3
BIC	425	+17
Bouygues	658	+2
BSN Gervais	2,480	—5
CIT-Alcatel	1,220	—3
Carrefour	1,610	+15
Club Mediter'n	795	+1
CFAO	635	—8
Cie Bancaire	473	+5
Cofimeg	219	+2
Creusot Loire	39.8	+0.7
Darty	891	+8
Dumez S.A.	698	—2
Eaux (Cie Gen)	525	.....
Elf-Aquitaine	224	+0.2
Gen. Occidentale	570	—3
Imetal	77.7	—0.5
Lafarge Coppee	335	—1
L'Oreal	2,245	+25
Legrand	1,839	+34
Maisons Phenix	273	+6
Matra S.A.	1,330	—15
Michelin B.	850	.....
Midi (Cie)	1,400	+7
Moet-Hennessy	1,401	—28
Moulinex	92.5	—0.3
Nord Est	48.5	—0.1
Pernod Ricard	720	+8
Perrier	528	.....
Petroles Fra.	223.5	+1.5
Peugeot S.A.	224	+0.5
Poclain	84.8	+0.1
Printemps Au	138.1	+4.1
Radiotech	290.2	—2.2
Redoute	1,100	+9
Roussel-Uclaf	795	—10
Schneider S.A.	118.9	—1.8
Sefimeg	349	+0.5
Skis Rossignol	1,316	+5
Telemech Elect.	1,525	+35
Thompson (CSF)	303	—6
Valeo	279.5	+0.5

GERMANY

Mar. 28	Price Dm.	+ or —
AEG-Telef	94.5	+0.1
Allianz Vers	777	+3
BASF	164.8	+0.6
Bayer	166	.....
Bayer-Hypo	274	+1
Bayer-Verein	346	.....
BHF-Bank	283	—1
BMW	411.5	+1.5
Brown Boveri	216	+0.5
Commerzbank	178.5	—1.5
Cont'l. Gummi.	131.2	+0.4
Daimler-Benz	558	+1.5
Degussa	390	+0.8
Demag	146	.....
D'sche Babcoc	160.9	—5.1
Deutsche Bank	377	—2
Dresdner Bankk.	175	+0.3
GHH	149	+1
Hochtief	506	+1
Hoechst	174.5	—0.5
Hoesch Werke	114.2	—0.3
Holzmann (P)	420.5	—4.5
Horten	194	.....
Kali und Salz	195.5	+2.5
Karstadt	263.7	+0.7
Kaufhof	244	+1
KHD	238	—3.2
Kloeckner	63	—0.7
Krupp	81	+1
Linde	374	+0.5
Lufthansa	163.5	+0.3
MAN	155.5	+1
Mannesmann	141	.....
Mercedes Hld.	498	+1.5
Metallgesell.	233	+1.2
Muench Rueck	1,047	+12
Preussag	267.5	.....
Rhein West Elect	164.7	—0.3
Rosenthal	242	—1
Schering	356.5	+0.5
Siemens	402.5	—3.7
Thyssen	81.5	.....
Varta	174.2	—0.3
Veba	170.3	—0.7
V.E.W	122	—0.4
Verein-West.	305	.....
Volkswagen	207	.....

ITALY

Mar. 28	Price Lire	+ or —
Banca Com'le	35,530	—270
Bastogi IRBS	147.2	—0.2
Centrale	1,771	+15
Credito Varesino	5,455	—35
Fiat	4,438	+30
Finsider	36.6	—3.4
Generali Assicur	37,750	+50
Invest	3,465	+15
Italcementi	48,600	+500
Montedison	225.4	+1
Olivetti	4,599	+11
Pirelli Co	3,056	+5
Pirelli Spa	1,550	+4
Snia BPD	1,674	+14
Toro Assic.	12,840	—30
do. Pref.	9,960	—41

NETHERLANDS

Mar. 28	Price Fls	+ or —
ACF Holding	187.5	—2
AEGON	128	+3
Ahold	195.5	+5.5
AKZO	97xr	+1.5
ABN	392	+1.5
AMEV	152.9	+2.9
AMRO	73.3	+1.1
Bredero Cert	196	+1
Bos Kalis Westm.	39.7	—1.7
Buehrmann-Tet.	67	.....
Calland Hldgs.	37.6	.....
Credit Lyon'is Bk	54.1	.....
Elsevier-NDU	528	+8
Gist. Brocades	184	+3
Heineken	142.3	—3.8
Hoogovens	48	+1.5
Hunter Douglas	27.3	+2.2
Int Mueller	35.2	+0.6
KLM	188	+3.6
Naarden	40.7	+0.2
Nat Ned Cert	216.5	+0.5
Ned. Credit Bank	40	.....
Ned Mid Bank	160	+3.2
Nedlloyd	125	+1
Oce Grinten	244	.....
Ommeren (Van.)	29.6	—0.2
Pakhoed	65.6	+0.3
Philips	48.3	+1.4
Rijn-Schelde	3.8	.....
Robeco	333.5	+2
Rodamco	133.1	+0.1
Rolinco	317.5	+1
Rorento	202.4	+0.2
Royal Dutch	151.8	+1.5
Unilever	253.5	+3
VMF Stork	94.6	+0.5
VNU	146.2	+2.2
West Utr Bank	95.6	—0.4

NORWAY

Mar. 28	Price Kroner	+ or —
Bergens Bank	157.5	.....
Borregaard	316	+5
Christiania Bk.	162	.....
Den Norsk Credit	169	.....
Elkem	165	—2
Norsk Data	270	+4
Norsk Hydro	576	+6
Storebrand	242.5	—3.5

SPAIN

Mar. 28	Price Pts%	+ or —
Bco Bilbao	298	—2
Bco Central	336	+1
Bco Exterior	202	—2
Bco Hispano	233	.....
Bco Santander	299	+1
Bco Vizcaya	387	+2
Dragados	148	.....
Hidrola	53.7	—1
Iberduero	57.5	—0.5
Petroleos	111.5	—2.5
Telefonica	81.2	.....

SWEDEN

Mar. 28	Price Kronor	+ or —
AGA	378	—2
Alfa-Laval	306	+4
ASEA (Free)	395	+5
Astra (Free)	585	.....
Atlas Copco	129	+2
Boliden	435	+2
Cardo (Free)	440	+9
Cellulosa	168	—5
Electrolux B	283	—2
Ericsson	349	—1
Esselte	365	+8
Mo Och Domsjo	475	—8
Pharmacia	299	+4
Saab-Scania	387	—5
Sandvik	365	+5
Skandia	400	—5
Skan Enskilda	345	—12
SKF	217	+5
St. Kopparberga	735	+5
Sven Handelsbn.	210	.....
Swedish Match	275	+2
Volvo B (Free)	479	+4

SWITZERLAND

Mar. 28	Price Frs.	+ or —
Alusuisse	861	+1
Bank Leu	3,845	+5
Brown Boveri	1,510	+10
Ciba Geigy	2,220	+20
do. (Part Certs)	1,715	+5
Credit Suisse	2,210	+5
Elektrowatt	2,690	—10
Fischer (Geo.)	685	+20
Genevoise	3,800	+50
Hoff-Roche PtCts	99,000	—750
Hoff-Roche 1/10	9,950	.....
Jacobs Suchard	6,600	—60
Jelmoli	1,820	.....
Landis & Gyr	1,340	+10
Nestle	4,935	—10
Oer-Buehrle	1,295	.....
Pirelli	246	+1
Sandoz (Br)	6,725	.....
Sandoz (PtCts)	1,010	.....
Schindler (PtCts)	535	.....
Swissair	1,060	+10
Swiss Bank	339	+1
Swiss Reinsce	7,625	—50
Swiss Volksbk.	1,410	.....
Union Bank	3,425	+5
Winterthur	2,970	+20
Zurich Ins.	17,925	+25

AUSTRALIA

Mar. 29	Price Aust $	+ or —
ANZ Group	5.5	.....
Acrow Aust.	1.8	.....
Alliance Oil D.	0.78	.....
Ampol Pet.	1.68	+0.01
Aust Cons Ind	1.75	+0.01
Aust. Guarant	2.6	+0.05
Aust. Nat. Inds	2.7	+0.04
Aust. Paper	2.0	—0.01
Bell Group	6.6	—0.1
Bond Corp Hldgs	1.5	.....
Boral	3.33	+0.01
B'ville Copper	2.66	—0.01
Brambles Inds	2.75	—0.05
Bridge Oil	3.2	.....
BHP	13.8xr	+0.2
CRA	5.86	+0.04
CSR	3.77	—0.05
Carlton Utd	4.1	+0.18
Castlemaine Tys.	4.25	+0.05
Coles (G.J.)	3.68	—0.02
Comalco "A"	2.9	—0.05
Consolidated Pet	1.14	.....
Costain Aust.	1.25	.....
Dunlop Aust.	1.68	+0.01
E.Z. Inds.	5.3	.....
Elders IXL	4.05	—0.05
Energy Res.	1.48	—0.02
Gen Prop Trust	1.98	+0.05
Hardie (J.)	3.3	.....
Hartogen Energy	3.1	+0.07
HeraldW'y Times	3.05	.....
ICI Aust	2.06	.....
Jimb'lana 50cFP	0.28	+0.04
Kia Ora Gold	0.18	.....
Lend Lease	4.7	+0.1
MIM	3.33	+0.03
Mayne Nickless	2.48	+0.03
Meekatharra	0.85	+0.05
Myer Emp.	1.9	+0.02
Nat. Com. Bk.	3.48	+0.08
News	10.5	+0.1
Nicholas Kiwi	3.0	+0.1
North Bkn Hill	2.7	.....
Oakbridge	0.87	+0.01
Otter Expl.	0.60	.....
Pancont'l	1.18	.....
Pioneer Conc	1.54	+0.01
Reckitt & Coln	2.6	.....
Repco	1.15	—0.03
Santos	7.2	+0.14
Smith (H.)	3.75	+0.05
Southland Min'g.	0.38	.....
Spargos Expl.	0.38	—0.01
Thos. Natwide	1.84	+0.02
Tooth	5.2	.....
UMAL Cons.	3.6	—0.02
Vamgas	3.3	+0.05
Western Mining	4.16	+0.01
Westpac	3.68	+0.04
Woodside Petrol.	1.03	+0.08
Woolworths	2.26	+0.01
Wormald Intl.	3.10	—0.02

HONG KONG

Mar. 28	Price H.K.$	+ or —
Bank East Asia	25.1	—0.7
Cheung Kong	10.1	+0.15
China Light	12.9	—0.3
Hang Lung Devel	2.82	—0.08
Hang Seng Bank	44.75	—1.25
HK Electric	6.95	—0.1
HK Kowloon Wh.	4.45	—0.07
HK Land	3.75	—0.1
HK Shanghai Bk.	9.35	—0.05
HK Telephone	48.75	—0.25
Hutchison Wpa	18.8	+0.6
Jardine Math.	12.6	—0.3
New World Dev.	3.67	—0.15
Orient O'seas	2.77	—0.05
O'seas Trust Bk.	3.85	.....
SHK Props.	7.55	—0.2
Swire Pac A	18.6	—0.6
Wheel'k Mard A.	3.97	—0.08
Wheel'k M'time	2.00	.....
World Int. Hldgs.	2.45	—0.1

JAPAN

Mar. 29	Price Yen	+ or —
Ajinomoto	1,080	+20
Alps Electric	2,630	+20
Amada	1,350	.....
Asahi Chem	463	—7
Asahi Glass	789	+22
Bridgestone	590	+41
Canon	1,390	—10
Casio Comp.	1,490	+10
Chugai Pharm	1,060	—30
Citizen	610	—65
Daiei	678	—21
Dai Nippon Ptg	1,120	+60
Daiwa House	482	—5
Ebara	325	—10
Eisai	1,150	—100
Fanuc	10,380xd	.....
Fuji Bank	1,000	+30
Fuji Film	2,070	—10
Fujisawa	760	—46
Fujitsu	1,350	—220
Green Cross	1,830	.....
Hasegawa	369	+9
Heiwa Real Est.	650	+10
Hitachi	921	+16
Hitachi Credit	1,680	+60
Honda	1,130	+30
House Food	775	—5
Hoya	2,200	.....
Itoh (C)	306	+17
Ito-Yokado	2,110	—30
Iwatsu	2,100	—250
JACCS	390	—7
JAL	2,870	.....
Jusco	828	+5
Kajima	290	.....
Kao Soap	792	+1
Kashiyama	610	—16
Kirin	625	+35
Kokuyo	1,070	+10
Komatsu	472	+12

JAPAN (continued)

Mar. 28	Price Yen	+ or —
Konishiroku … Yokogawa Bdge.	[illegible]	[illegible]
Yamazaki	760	—10
Yasuda Fire	379	—34
Yokogawa Bdge.	407	+1

SINGAPORE

Mar. 28	Price $	+ or —
Boustead Hldgs.	2.69	+0.01
Cold Storage	4.22	—0.12
DBS	9.7	—0.2
Fraser & Neave	5.15	—0.10
Genting	5.1	—0.05
Haw Par. Bros	2.56	—0.03
Inchcape Bhd.	2.83	—0.01
Keppel Shipyard	3.22	+0.02
Malay Banking	10.1	.....
Malay Brew.	6.6	.....
Multi Purpose	1.9	—0.03
OCBC	10.5	.....
OUB	4.36	—0.02
Sime Darby	2.47	—0.05
Straits St'mship.	1.69	—0.04
Straits Trdg.	5.8	.....
UOB	5.35	.....

SOUTH AFRICA

Mar. 28	Price Rand	+ or —
Abercom	2.4	.....
AE & CI	8.65	—0.1
Anglo Am Coal	29.25	.....
Anglo Am Corp	23.8	—0.45
Anglo Am Gold	147	—1.5
Barclays Bank	22	.....
Barlow Rand	14.1	—0.4
Buffels	76.25	—1.5
CNA Gallo	2.65	.....
Currie Finance	3.25	—0.05
De Beers	10.0	—0.02
Driefontein	45.5	—0.5
FS Geduld	50	—1.25
Gold Fields S.A	27.5	—1
Highveld Steel	6.3	—0.2
Nedbank	17	.....
OK Bazaars	19.75	.....
Protea Hldgs	3.35	—0.3
Rembrandt	28	.....
Rennies	14.25	—0.4
Rust. Plat.	14.9	—0.4
Sage Hldgs	7.7	+0.2
SA Brews	7.5	—0.15
Smith (C.G.)	26.25	.....
Tongaat Huletts	11.7	—0.1
Unisec	5.7	+0.1

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

OVER-THE-COUNTER

Nasdaq national market, 3pm prices

Stock	Sales (Hunds)	High	Low	Last	Chng
[illegible]					

Continued on Page 48

LONDON

Chief price changes (in pence unless otherwise indicated)

RISES

A. S. Elect.	495	+10
Akroyd	505	+30
Aurora	18½	+2
BAT Inds.	217	+6
Bailey (Ben)	39	+4
Bowater	320	+26
Chemring	590	+30
Dufay Bit	46	+4
Forward Tech	40	+4
Humphries	25	+8
Legal & Gen	485	+8
Microlease	298	+35
Minster Assets	144	+9
Pearl Assce.	772	+27
Phoenix Assce.	445	+15
Prudential	486	+16
SCB	180	+12

FALLS

Babcock Intl.	181	—6
Cable & W	386	—19
DRG	125	—11
Hawker Sidd	420	—8
ICI	614	—6
Jardine Math	103	—12
Lucas Inds.	221	—6
Pilkington	326	—9
Atlantic Res	460	—40
De Beers	553	—10
Doornfontein	£15½	—1½
Hartebeest	£54	—2½
St. Helena	£28⅞	—1⅝

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 39

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Indices

NEW YORK—DOW JONES

	Mar 28	Mar 27	Mar 26	Mar 23	Mar 22	Mar 21	1983-84 High	1983-84 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	1174.62	1154.31	1152.96	1154.84	1155.88	1170.85	1286.64 (6/1)	1134.21 (22/2)	1287.2 (29/11/83)	41.22 (2/7/32)
Transport	508.33	489.07	498.59	503.19	508.02	515.84	612.63 (6/1)	484.02 (23/2)	612.63 (6/1/84)	12.23 (8/7/32)
Utilities	128.32	127.46	127.55	126.88	127.7	128.81	134.83 (6/1)	123.7 (22/2)	163.32 (20/4/69)	10.65 (20/4/42)
Trading vol 1000's†	10487	-	-	8824	-	-	-	-	-	-

	Mar 23	Mar 16	Mar 9	(Year Ago Approx)
Ind div yield %	4.79	4.67	4.85	4.79

STANDARD AND POORS

	Mar 28	Mar 27	Mar 26	Mar 23	Mar 22	Mar 21	1983-84 High	1983-84 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	180.5	177.77	176.51	177.1	176.85	179.18	198.84 (6/1)	174.1 (22/2)	193.22 (22/6/83)	3.52 (30/6/32)
Composite	159.88	157.3	156.67	156.86	156.98	158.66	169.28 (6/1)	154.29 (23/2)	172.65 (22/6/83)	4.4 (1/6/32)

	Mar 21	Mar 14	Mar 7	Year Ago (Approx)
Ind div yield %	4.06	4.03	4.00	4.25
Ind. P/E Ratio	12.13	12.08	11.81	13.88
Long Gov Bond Yield	12.37	12.24	12.15	10.58

MONTREAL

	Mar 28	Mar 27	Mar 26	Mar 23	1983-84 High	1983-84 Low
Industrials	431.88	427.53	427.57	427.63	451.4 (6/1)	412.97 (21/2)
Combined	484.47	481.84	481.33	482.48	433.87 (6/1)	387.08 (21/2)

N.Y.S.E. ALL COMMON

Mar 28	Mar 27	Mar 26	Mar 23	1983-84 High	1983-84 Low
-	-	-	-	442.62 (18/5)	79.75 (24/11)

RISES AND FALLS

	Mar 28	Mar 27	Mar 26
Issues traded	977	1995	1945
Rises	182	726	653
Falls	487	729	841

LONDON STOCK EXCHANGE

MARKET REPORT

Equity markets erratic but late strength in Bowater leaves index higher on balance

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Mar 12	Mar 22	Mar 23	Apr 2
Mar 26	Apr 5	Apr 6	Apr 16
Apr 9	Apr 26	Apr 27	May 8

* "New-time" dealings may take place from 9.30 am two business days earlier.

London equity markets trade on an extremely sensitive note yesterday. Early conditions looked quite promising after the previous day's technical reaction. The tone, however, gradually deteriorated: uncertainty about ICI, following a broker's luncy with the chairman, was a factor.

ICI came under further selling pressure and fell afresh to 608p before rallying on U.S. advices to close 6 lower on the day at 614p. But Bats preliminary figures were well received and helped sustain the equity leaders in early dealings. Sentiment changed around mid-day and most leading shares drifted back to close a few pence lower on balance.

Renewed domestic buying and late U.S. demand for Bowater, up 26 at 320p in further response to the proposed demerger of its U.S. interests—was mainly responsible for reversing a fall of 2.4 in the Financial Times Industrial Ordinary share index at the 3 pm calculation to a rise of 0.2 at the close.

The flow of rights issues, which has tended to unsettle the market over the last few days, continued with the announced of a £18.9m cash call from AB Electronic bringing the total so far this week to £128m.

Gilt-edged securities remained a backwater. Once again quotations traded quietly around previous closing levels pending a clearer outlook on U.S. interest rates. The start of dealings in the three new taplets saw the exhaustion of the £100m. tranche of 10¼ per cent Conversion at 102¼, but bids for the Exchequer 10¼ per cent 1995 stocks were refused.

South African Gold shares weakened for the sixth consecutive trading day. Another poor showing by the bullion price and news of a rise from 15 to 20 per cent in the surcharge on gold and diamond mining taxes in the domestic Budget produced falls of up to £2¼ in Leading Golds. De Beers, the diamond producer, dropped 10 to 533p. The Gold Mines index lost 15.4 to 628.8, extending the deadline over the past six trading days to one of 71.6.

Pru go higher

Life Insurances' impressive dividend season continued yesterday when Prudential and Legal and General both reported better-than-expected dividends; the former closed 16 higher at 466p, while the latter touched 497p before closing 8 dearer at 485p. Equity and Law rose 22 for a two-day jump of 44 at 760p on further consideration of the annual figures, while Pearl, scheduled to announce full-year results on April 11, advanced 27 to 772p. Britannic put on 10 to 470p as did Sun Life to 585p. Composites featured Phoenix, 15 higher at 445p, on buying ahead of next Wednesday's preliminary statement and revived talk of a bid from the U.S. Hogg Robinson also continued to respond to suggestions of a transatlantic bid and firmed 4 more to 215p.

Minster Assets, in which the Kuwait Investment Office own a significant stake, highlighted the banking sector, rising 9 afresh to 144p on continuing bid speculation. Elsewhere, reports that the Argentine debt situation might soon be resolved helped the major clearers perk up. Barclays rallied 7 to 505p at did Lloyds to 575p and NatWest to 660p. By way of contrast, far-eastern advices clipped 4 from HongKong and Shanghai at 79p.

Despite a generally favourable Press response to the first-half figures, buyers continued to shy away from Arthur Bell which were marked 5 lower to record a two-day loss of 10 at 165p.

Apart from a fall of 10 to 700p in recently firm Taylor Woodrow, leading Buildings held close to overnight levels. Secondary issues remained resilient and some managed to improve. SGB attracted revived speculative support on talk of a newsletter tip and gained 12 to 160p, while fresh demand lifted Ward Holdings Ordinary 3 to 144p and the Deferred 5 to 138p. IDC improved 4 to a 1983-84 peak of 144p in a restricted market, while small buying left A. Monk a penny dearer at 116p. The near-trebled interim profits and confident statement lifted Ben Bailey Construction 4 to 39p, but lower half-year profits clipped a couple of pence from Gibbs and Dandy A to 26p. Vectis Stone shed a penny to 36p, the satisfactory preliminary figures being discounted.

Stores subdued

Slightly firmer conditions prevailed among major Retailers which attracted sporadic support to close with modest gains. Marks and Spencer firmed 3 to 267p following pleasing annual results from its Canadian operations. Gussies A rose 5 to 678p, while Woolworth, down to 465p earlier, rallied to finish 3 up on balance at 473p. Secondary Stores lacked impetus. Despite preliminary figures in line with general estimates, Superdrug shed 10 to 298p. Cecil Gee announced increased fullyear profits and hardened the turn to 141p, after 143p. Harris Queensway held at 372p awaiting today's annual results which are expected to show pre-tax profits of around £28m.

News of Jardine Matheson's planned change of domicile prompted weakness in Cable and Wireless and BSR, both of which have substantial interests in Hong Kong; the former fell away to finish 19 down at 366p and the latter dropped to 260p before closing a net 5 lower at 263p. Elsewhere in Electricals, GEC were volatile, moving between extremes of 192p and 186p before ending 2 cheaper at 188p. Plessey moved up 3 to 241p. Among secondary issues, AB Electronics recovered from an initial depressed level of 470p to close 10 higher on balance at 495p, after 500p, on consideration of the good results and dividend and profits forecast which accompanied details of the proposed £18.9m rights issue. Reflecting the strong profits recovery, Forward Technology gained 4 to 40p, while Microlease stood out among the recently buoyant computer stocks with a fresh advance of 35 to 298p.

Babcock soared to a new peak of 200p on the impressive results and proposed 10 per cent scrip-issue but then gradually drifted lower to touch 175p before closing a net 6 down on the day at 181p as operators expressed concern with the accompanying statement which reported a decline in order backlog in all their operating companies outside North America. Other Engineering leaders gave ground in fairly busy trading. Recent U.S. favourites, Hawker, dipped 8 to 420p. Vickers relinquished 4 to 153p and GKN 3 to 207p. Elsewhere, Chemring jumped 30 to 590p on talk of a broker's favourable circular, while Aurora rose 2 to 18½p as did the 9 per cent Convertible Preferense to 17½p in response to the strong profits recovery. Lower profits clipped 3 from Rotork at 104p, while profit-taking in the wake of excellent results left Delta only 1½ easier at 92½p.

Leading Foods trended easier including S. and W. Berisford which lost 2 to 190p despite the chairman's cautiously optimistic statement at the annual meeting. Elsewhere, further demand in a restricted market lifted soft drinks concern J. N. Nichols (Vimto) 30 more to 660p. Bio-Isolates gained 8 to 113p on late buying Among confectionery issues, Bluebird shed 3 to 78p following the half-year figures, while Jamesons Chocolates softened 2 to 98p after reporting lower annual profits and a reduced dividend.

Ladbroke's annual profits marginally exceeded market estimates and the shares touched 258p before slipping back to close 3 cheaper on balance at 253p. Other leading Hotels and aCterers failed to hold early gains. Grand Metropolitan ended 4 off at 320p, after 326p, and Trusthouse Forte a penny cheaper at 225p, after 229p.

Jardine Matheson react

Hong Kong concern Jardine Matheson provided a notable dull feature in miscellaneous industrials, falling 12 to 103p on news of the change of domicile to Bermuda and the poor results. Sympathetic declines of 6 and 8 respectively were seen in China Light, 110p, and Swire Pacific A, 160p. Elsewhere, Christies International continued to attract support ahead of next Tuesday's annual results and firmed 5 more to 378p, while Bridon edged forward 2 to 94p in anticipation of today's preliminary figures. Speculative buying lifted Dufay Bitumastic 4 to 46p. Among the leaders, Pilkington reflected fading bid hopes with a fresh decline of 9 to 326p but Reed International rallied 6 to 422p and Boots put on 3 to 167p.

Speculative buying of Humphries Holdings, up 8 at 25p, was accompanied by vague rumours that BET may sell its controlling interest to Rank Organisation.

An otherwise uninspiring session in Motor sectors was enlivened by Lex Service which revealed preliminary profits at the top end of market estimates and advanced 7 to 435p. Glanfield Lawrence were wanted at 49p, up 4, but British Car Auction failed to attract follow-through demand in the wake of Tuesday's 40 per cent increase in interim profits and closed 5 cheaper at 116p. Components also lacked a decided trend. Lucas encountered nervous offerings in front of today's half-timer and dipped 6 to 221p, but buyers continued to nibble at Automotive Products, a penny better at 73p—a gain of 14 since the annual results were announced last Tuesday.

DRG came under pressure and closed 11 lower at 125p. after 123p, the increased annual profits and dividend failing to asuage the cautious tenor of the accompanying statement.

Virtually unscathed in Tuesday's shake-out, leading Properties made fresh headway before the appearance of sellers left quotations a few pence below the best. MEPC touched a 1983-84 peak of 308p before settling a couple of pence dearer at 305p. Land Securities closed 3 firmer at 285p, after 288p. Slough Estates, up to 129p early on, slipped back following the annual results to close only a penny dearer on balance at 127p. Elsewhere, profit-taking clipped 6 from Marler Estates to 107p and 4 from Rush and Tompkins at 256p. Rosehaugh came back 5 to 420p, but late support lifted Warner Estate 10 to 493p. Speyhawk firmed 5 to 172p in a restricted market, while Clarke Nickolls hardened a couple of pence to 136p; the latter's price in yesterday's issue was incorrect. Bairstow Eves reacted to 113p before closing a couple of pence off at 116p ahead of today's market debut of fellow estate agents Connells. Amalgamated Estates shed a penny to 14½p, after 13½p in front of tomorrow's interim figures. Elsewhere, Hong Kong Land lost 1½ to 32p following the annual results. Swire Properties fell 5 to 57p.

Shippings plotted an irregular course. P & O Deferred remained sensitive on Trafalgar House's decision not to renew its takeover attempt for the time being and touched 307p before reverting to unchanged at 303p. Ocean Transport moved between extremes of 137p and 134p before closing at the overnight level of 136p, the reduced preliminary profits being balanced by the cautiously optimistic outlook. Common Brothers responded to revived speculative demand and advanced 12 to 114p, after 120p.

Bats provided the focal point in initial dealings and advanced to 225p before settling a net 6 dearer at 217p, the 14 per cent expansion in preliminary profits proving well up to most market expectations.

Among Financials, Exco International remained unsettled by the £68m rights issue and shed 8 more to 485p—a loss of 83 since Monday's announcement. R. P. Martin, 260p, and Mercantile House, 417p, both shed around 5. The 67 per cent increase in full-year profits reported by Britannia Arrow was largely discounted, and having touched 87p earlier, the shares reverted to unchanged at 84p. Park Place eased 5 to 150p, after 145p, following the sharply reduced interim earnings. Elsewhere, stockjobbers Akroyd and Smithers rallied 30 to 505p.

Oils mixed

Leading Oils staged a rally in early trading but quickly encountered renewed selling. BP touched 476p before reverting to 470p, a net loss of 2, while similar falls were seen in Britoil, 253p, and Ultramar, 675p. LASMO and Shell moved against the trend, however, both closing with rises of 5 at 285p and 635p respectively. Preliminary results from Charterhouse Petroleum were particularly well received and the shares improved 6 to 142p. Elsewhere in secondary oils Saxon were unaltered at 295p following news of the acquisition of a 7.5 per cent interest in North Sea block 29/2A.

Atlantic Resources, the Irish exploration group, were a weak market and dropped 40 to 460p awaiting the first official flow-test results from the appraisal well drilled off the coast of Waterford.

Golds sharply lower

South African mining issues fell sharply for the sixth successive trading day. The latest decline followed the $2.75 fall to $386.25 in the bullion price and confirmation of earlier fears that the South African Finance Minister would increase the surcharge on gold and diamond mining tax. Gold shares and related issues were under sustained selling pressure from the outset of trading. The budget news, announced during the early afternoon, was more or less as expected and selling soon petered out to be replaced by modest "cheap" buying from Johannesburg.

Nevertheless, the Gold Mines index still showed a 15.4 loss at 628.8.

The leading issues were particularly vulnerable and falls in the region of £2¼ were common to Hartebeest, £54, and Vaal Reefs, £88¾, while losses in excess of a point were seen in Doornfontein, £42¾ and St Helena, £23¾. Marginals were little changed at the close following the deferment of the abolition of the state-aid scheme.

Diamond producer De Beers were under pressure in initial trading but showed no further weakness after- hours and ended the day a net 10 cheaper at 553p.

In South African Financials Gencor retreated a point to £14¾. GFSA gave up ⅝ to £15¼ and Anglo American Corporation fell ¾ to £13¾.

London Financials were generally easier. RTZ lost 5 at 678p and Gold Fields a like amount at 610p. although the latter attracted good support in the after-hours business.

Platinums gave ground in sympathy with Golds, Lydenburg easing 15 to 655p and Rustenburg 10 to 840p.

Australians continued to ease in subdued trading despite a better trend in overnight Sydney and Melbourne markets. News of a strike at Broken Hill prompted further selling of North Broken Hill which dipped 2 more to 174p—a two-day fall of 12. Other leading issues showed marginal changes in either direction. Elsewhere, Asia Oil and Minerals encountered profit-taking and lost 1½ to 7½p.

Demand for Traded Options declined with 3,027 contracts struck, comprising 2,165 calls and 862 puts. Commercial Union were again popular reflecting fresh hopes of a U.S. takeover bid and attracted 450 calls with the April 180's closing 5 up at 16p. ICI were also wanted with 494 calls transacted.

FINANCIAL TIMES STOCK INDICES

	March 28	March 27	March 26	March 23	March 22	March 21	year ago
Government Secs	83.19	83.21	83.19	83.12	83.00	83.15	80.50
Fixed Interest	87.05	86.94	86.82	86.89	86.81	86.84	82.55
Industrial Ord.	875.2	875.0	889.6	891.5	890.0	901.4	651.0
Gold Mines	628.8	644.2	653.1	656.0	676.9	690.8	546.1
Ord. Div. Yield	4.37	4.36	4.29	4.28	4.29	4.23	4.84
Earnings, Yld.% (full)	9.61	9.61	9.45	9.48	9.50	9.36	10.35
P/E Ratio (net) (*)	12.39	12.57	12.78	12.73	12.69	12.89	11.67
Total bargains	29,146	28,885	30,411	26,936	28,177	28,673	24,407
Equity turnover £m.	—	288.76	344.55	406.89	379.81	418.44	342.94
Equity bargains	—	23,646	26,061	29,323	26,738	25,036	23,306
Shares traded (ml)	—	172.6	168.1	234.5	215.0	223.0	182.7

10 am 880.6. 11 am 879.4. Noon 874.2. 1 pm 872.2. 2 pm 872 2. 3 pm 872.6.

Basis 100 Govt. Secs. 8/1/58. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/58. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=11.74.

HIGHS AND LOWS

	1983/84 High	1983/84 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.77 (9/1/84)	77.00 (24/1/83)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/3/84)	79.03 (1/7/83)	150.4 (28/11/47)	50.65 (31/1/75)
Ind. Ord.	901.4 (21/3/84)	598.4 (12/1/83)	901.4 (21/3/84)	49.4 (26/6/40)
Gold Mines	734.7 (15/2/83)	444.6 (1/11/83)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	March 27	March 26
Daily Gilt Edged Bargains	174.7	171.3
Equities Bargains	153.2	168.9
Equities Value	583.7	696.0
5-day Average Gilt Edged Bargains	155.3	164.2
Equities Bargains	169.5	171.1
Equities Value	743.1	789.7

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Mar 19	Mar 30	June 28	July 9
Apr 2	Apr 13	July 12	July 23
Apr 16	Apr 27	July 26	Aug 6

For rate indications see end of Share Information Service

Call options were taken out in Intervision, Amalgamated Estates, W. E. Norton, Barratt Developments, Mersey Docks, Birmid Qualcast, Armour Trust, Keep Trust, Brunswick Oil, Premier Oil, United Guarantee, Allied Plant, French Connection, Eglinton Oil and Gas and Biomechanics International. No puts or doubles were reported.

RISES AND FALLS

	Rises	Falls	Same
British Funds	11	31	62
Corpns. Dom. and Foreign Bonds	9	9	60
Industrials	193	388	832
Financial and Prop.	131	142	251
Oils	21	25	75
Plantations	1	9	10
Mines	8	86	78
Others	68	59	86
Totals	442	749	1,454

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

FIXED INTEREST

EUROPEAN OPTIONS EXCHANGE

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

NEW HIGHS AND LOWS FOR 1983/4

ACTIVE STOCKS

TUESDAY'S ACTIVE STOCKS

FT-SE 100 INDEX

LONDON TRADED OPTIONS

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983-84 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
104¾	100 11/16	Exchequer 14pc 1984	100 11/16	–1/32	13.90	9.03
98 11/16	92½	Exch. 3pc 1984	98 11/16	+1/32	3.04	8.81
102 11/16	100 11/16	Treasury 12pc 1984	101⅜	–1/32	11.84	8.99
107 11/16	104 1/16	Treas. 15pc 1985	104 27/32	–1/32	14.31	9.20
107	101 1/16	Exch. 12pc Cnv '85	102 9/16	+1/16	11.70	9.20
94⅝	88⅝	Treasury 3pc 1985	94 1/16	+⅛	3.19	8.41
102⅝	99⅜	Treasury 11½pc 1985	102 1/16	–1/16	11.23	9.43
102	95	Treas 8¼pc Cnv '85	99⅛	......	8.83	9.37
104⅜	100⅛	Exch. 12¼pc 1985	103 11/16	–1/16	11.81	9.72
103 11/16	99 9/16	Exch. 11¼pc '86	103 1/16	–⅛	11.36	9.70
102¾	97¼	Treas 10pc Cnv 1986	101⅝xd	+⅛	9.84	9.11
90¼	85⅝	Treasury 3pc 1986	88 3/16	......	3.40	9.13
102	97 3/16	Exch. 10½pc Cv '86	101 7/16	+1/16	10.35	9.72
104 1/16	100 1/16	Treasury 12pc '86	103 11/16	–⅛	11.56	9.99
98¾	94⅞	Treasury 8½pc '84-86‡‡	97 1/16	......	8.72	9.76
109 7/16	105 3/16	Exch. 14pc 1986	108 11/16xd	......	12.88	10.12
87⅛	84½	Exch. 2½pc 1986	85 3/16	......	2.93	8.88
107¼	103⅝	Exch. 13¼pc 1987	107 1/16	......	12.33	10.11
100⅞	95⅞	Treas 10¼%Cv '87	100 1/16	–1/16	10.19	9.99
86⅛	80¼	Exchequer 2½pc 1987	83 11/16	–1/16	2.99	8.98
101 3/16	95⅞	Exch. 10½pc 1987	100 15/16xd	–1/16	10.40	10.14
93¼	88⅛	Funding 6½pc '85-87‡‡	91 3/16xd	–1/16	7.13	9.89
99⅝	96	Treas. 10pc 1987	99 7/16	......	10.06	10.18
86	80¼	Treasury 3pc 1987	82 11/16	......	3.63	9.20
104 15/16	99⅞	Treas. 12pc 1987	104 13/16xd	+1/16	11.44	10.33
94⅞	89⅛	Treasury 7¾pc '85-88‡‡	93 3/16	–⅛	8.31	9.87
101½	95½	Exch 10½pc '88	100⅜	–1/16	10.46	10.38
98 1/16	95 11/16	Treas 9¼pc Cv '88	98⅜	......	9.91	10.21
82	75¾	Transport 3pc '78-88	79⅝	......	3.77	8.84
96⅞	90¾	Treas. 9½pc '88	96¾xd	......	9.82	10.42
106⅛	95¾	Treasury 11½pc 1989	103⅞	–1/16	11.07	10.45

Five to Fifteen Years

1983-84 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
103⅛	94⅛	Treas. 10½pc 1989	103⅛	......	10.49	10.46
100 3/16	96⅜	Exch. 10pc 1989	100⅛	–1/16	10.27	10.62
40 13/32	39 1/16	Do 10pc 89A (£40pd)	39 15/16	......	10.24	10.58
84¼	76	Treasury 5pc '86-89	81½xd	......	6.13	9.32
114	103	Treasury 13pc 1990‡‡	112⅛	–⅛	11.69	10.73
110⅞	100⅞	Exch. 12½pc 1990	108	–⅛	11.60	10.71
93⅛	86¼	Treasury 8¼pc '87-90‡‡	92⅝	......	9.14	10.41
98⅞	65	Treas. 10pc Cv 1990	98⅞	......	10.23	10.47
108⅛	97	Treasury 11¾pc 1991	106¼	......	11.28	10.84
84⅛	74½	Funding 5¾pc '87-91‡‡	79¼xd	......	7.20	9.79
105¾	95⅞	Exch. 11pc 1991	100⅞xd	–⅛	10.82	10.68
114¾	102	Treasury 12¾pc '92‡‡	112¼	–⅛	11.60	10.82
106¾	88¼	Treasury 10pc 1992	98½	–¼	10.23	10.42
111½	98½	Exch. 12¼pc '92	108½	–⅛	11.41	10.88
117	106½	Exchequer 13½pc '92	113⅞	–⅛	11.88	10.98
114	107½	Treasury 12½pc '93‡‡	112	–⅛	11.42	10.85
79⅝	71	Funding 6pc 1993‡‡	75⅞	–⅛	7.93	10.04
121⅝	110½	Treasury 13¾pc 1993‡‡	121½	–⅛	11.78	10.89
126¾	112⅝	Treasury 14½pc '94‡‡	123	–⅛	11.90	10.84
120⅝	109¼	Exchequer 13½pc 1994	114½xd	......	11.68	10.92
114½	100½	Exch. 12½pc 1994	111	......	11.39	10.90
94⅝	86¼	Treasury 9pc '94‡‡	94	–⅛	9.92	10.46
118⅛	98	Treasury 12pc '95	109	......	11.23	10.88
65¼	61½	Gas 3pc '90-95	62⅝xd	–⅛	4.77	8.15
101¾	88¼	Exch. 10¼pc 1995	99	–⅛	10.56	10.69
117¾	106¼	Treasury 12¾pc '95‡‡	117¾	......	11.28	10.75
126⅛	110	Treas. 14pc '96	122½	......	12.74	10.94
94⅛	83¾	Treasury 9pc '92/96‡‡	90⅞	......	9.94	10.40
134⅞	121¼	Treasury 15¼pc '96‡‡	127¼xd	......	11.80	10.87
122	109¾	Exchequer 13¼pc '96‡‡	122	......	11.32	10.69
70	58	Redemption 3pc 1986-96	66⅞	......	4.48	7.02
119⅞	107	Treasury 13¼pc '97‡‡	119⅞	+⅛	11.28	10.70
104½	89½	Exchequer 10½pc 1997	100⅞	......	10.52	10.52
92½	80½	Treasury 8¾pc 1997‡‡	88⅞	–⅛	9.92	10.34
134⅝	120¼	Exch. 15pc 1997	127⅝xd	......	11.64	10.89
65⅞	64¼	Exch. 9¾pc '98 (£65pd)	65⅞	......	10.27	10.45
78⅛	69½	Treasury 6¾pc '95-98‡‡	75xd	+⅛	8.93	10.02
138⅝	124¼	Treas. 15½pc '98‡‡	133⅝xd	......	11.60	10.84
133⅛	101	Exch. 12pc 1998	114¼	......	10.91	10.63
99	86¼	Treasury 9½pc 1999‡‡	96	......	10.10	10.28
116⅛	103⅛	Exch. 12¼pc 1999	112¼xd	......	10.92	10.61

Over Fifteen Years

1983-84 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
104⅜	92¼	Treasury 10½pc 1999	104¼	......	10.45	10.43
102⅜	98	Convers'n 10¼pc 1999	102⅜	+⅛	10.38	10.43
124¼	106	Treas. 13pc 2000	121¼	......	10.96	10.58
128⅞	113¾	Treas. 14pc '98-01	128⅛	......	11.34	10.73
116⅝	99¼	Exch. 12pc '99-02	112⅞	......	10.84	10.55
130	111	Treas. 13¾pc 2000-03	126⅝	+⅛	11.07	10.59
114⅞	99¾	Treasury 11½pc '01-04	110⅝	......	10.43	10.21
50⅝	43½	Funding 3½pc '99-04	49¾	......	7.14	9.02
123½	106½	Treasury 12½pc '03-05	123½	......	10.50	10.22
87½	77¼	Treasury 8pc '02-06‡‡	84½xd	......	9.45	9.69

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[illegible]

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[illegible]

Finance

[illegible]

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[illegible]

Central African

[illegible]

MINES—Continued

Australians

1983-84 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
28½	13½	ACM 20c	15½	−½	—	—	—
52	28	Alliance Explrn. NL	30	−1	—	—	—
10½	3¼	Asia Oil & Minerals	7¼	−1¼	—	—	—
19	17	Aust. Consolidated NL	18	....	—	—	—
40	9	Australis Mng NL	27½	....	—	—	—
35	11	Balmoral Res.	31	....	—	—	—
60	29	Black Hill Mins	30	....	—	—	—
104	51	Bond Corp	96	−1	Q10c	0.7	6.8
183	116	Bougainville Kina	173	....	Q16.4c	♦	6.2
396	204	CRA $2	380	....	Q12c	♦	2.1
145	60	Carr Boyd 20c	70	−3	—	—	—
44	25	Central Kalgoorlie	30	.....	—	—	—
43	18	Central Pacific	21	.....	—	—	—
4	2¼	Con. Gld Rq Areas NL	3¼	....	—	—	—
17	5	Coopers Res. NL	7½	−½	—	—	—
255	183	Crusader Oil	192	....	—	—	—
28½	8	Cultus Pac NL	11½	−½	—	—	—
19	7	Eagle Corp 10c	9½	....	—	—	—
265	96	Emperor Mines	260	....	—	—	—
16½	8	Endeavour 20c	11½	....	—	—	—

[illegible]

Tins

[illegible]

Miscellaneous

1983-84 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]							
90	34	Anglo-Dominion	72	+2	—	—	—
93	55	Anglo Utd. Dev.	55	−3	—	—	—
400	180	Centennial Mn'ls.	355	−5	—	—	—
170	60	Colby Res Corp	160	......	—	—	—
955	315	Cons. Murch. 10c	910	−10	100c	1.4	6.4
£19½	£10¾	Eastern Trns. Cos. 50c	£16½	......	Q85c	4.9	2.6
247	170	Hampton Areas 10p	240	−5	3.75	2.1	2.1
215	103	Highwood Res	200	......	—	—	—
£24½	£17½	Homestake Mining $1	£23	......	Q20c	—	0.7
495	275	Northgate C$1	340	+10	—	—	—
687	437	RTZ	678	−5	117.0	2.9	3.6
£149	£100	Do 9⅛pcLn '95-2000	£149	.....	Q9½%	32.5	f6.5
190	13	Sabina Inds C$1	85	−3	—	—	—
£11¾	312	Tara Exptn $1	980	+5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution, this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value or declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 163(4)(a).
- ✝ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ✝ Not comparable.
- ▲ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¤ No par value.

B Fr. Belgian Francs. Fr French Francs. ¥¥ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1982-83. M Dividend and yield based on propectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

			Fin 13% 97/02	£92½	.....
Albany Inv 20p	76	......	Alliance Gas	70	.....
Craig & Rose £1	900	......	Arnott	238	......
Finlay Pkg. 5p	46	.....	CPI Hldgs.	82	......
Higsons Brew	113	......	Carrol Inds	118	......
Holt (Jos) 25p	870	......	Hall (R. & H.)	64	+1
IoM Stm. £1	150	......	Heiton Hldgs.	21	......
			Irish Ropes	53	......
IRISH			Jacob (W.& R.)	65	+5
Exch 12% 1985	£99⅛	......	TMG	50	......
Nat. 9¾% 84-89	£88	......	Unidare	70	......

OPTIONS

3-month call rates

Industrials		Hawker Sidd	38	Vickers	14
Allied-Lyons	15	Hse of Fraser	26	Woolworth Hldg	50
BOC Grp	27	ICI	42		
BSR	26	'Imps'	12	**Property**	
Babcock	17	ICL	7½	Brit Land	11
Barclays Bank	45	Ladbroke	23	Cap Counties	16
Beecham	32	Legal & Gen	45	Land Secs	25
Blue Circle	40	Lex Service	40	MEPC	25
Boots	16	Lloyds Bank	50	Peachey	17
Bowaters	25	'Lofs'	3	Samuel Props	12
Brit Aerospace	20	Lucas Inds	18	Sterling Guar.	4
BAT	15	'Mams'	14		
Brown (J.)	3	Marks & Spcr	20	**Oils**	
Burton Ord	22	Midland Bk	36	Brit. Oil & Min.	9
Cadburys	11	NEI	10	Brit Petroleum	35
Comm Union	16	Nat West Bk	60	Burmah Oil	17
Courtaulds	11	P & O Dfd	25	Charterhall	9
Debenhams	14	Plessey	20	Premier	6
Distillers	22	Racal Elect	18	Shell	55
Dunlop	5	RHM	8	Tricentrol	20
FNFC	6¼	Rank Org Ord	24	Ultramar	60
Gen Accident	42	Reed Intnl	40		
Gen Electric	16	Sears	8	**Mines**	
Glaxo	70	TI	22	Charter Cons.	24
Grand Met	30	Tesco	16	Cons Gold	58
GUS 'A'	55	Thorn EMI	55	Lonrho	12
Guardian	50	Trust Houses	18	Rio T Zinc	60
GKN	20	Turner Newall	10		
Hanson Tst	11	Unilever	75		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 43

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

Insurances—continued

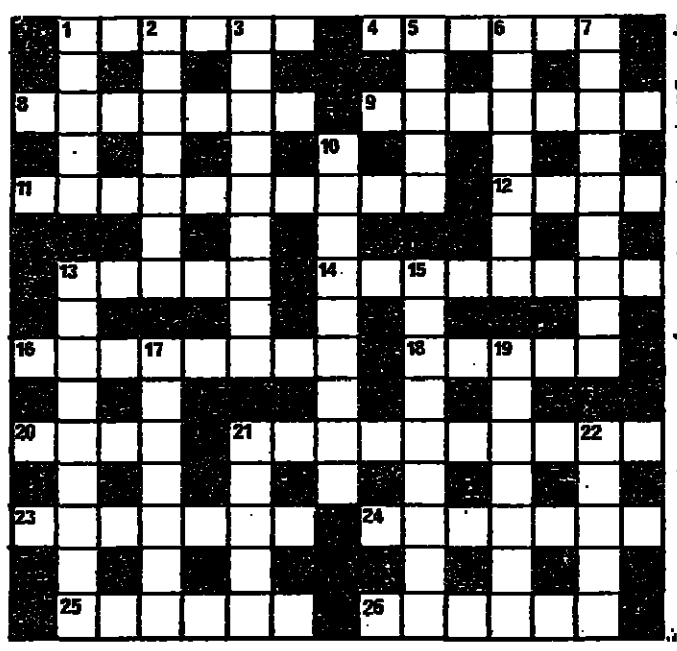
MolInPnAc	552.1	581.1	+1.2	—
Colonial Mutual Group				
24 Ludgate Hill EC4P 4BD.				01-248 9861
Capital Life Assurance				
Key Inv Fd	—	130.48	....	—
Pcmkr Inv Fd	—	130.1	....	—
Equity Fd	115.61	121.69	....	—
Fxd Int Fd	109.34	115.09	....	—
Propty Fd	103.49	108.94	....	—
Cash Fd	101.91	107.27	....	—
ManagdFd	118.91	125.17	....	—
Col Mut Life (Pension Annuities)				
ManCpA B	106.13	111.72	....	—
Man A/B	106.77	112.40	....	—
Commercial Union Group				
St Helens, 1 Undershaft, EC3.				01-283 7500
VarAnnAccUts	—	171.28	....	—
VarAnnMar30	—	36.92	....	—

Offshore & Overseas—continued

Money Market Trust Funds

Money Market Bank Accounts

F.T. CROSSWORD PUZZLE No. 5,379



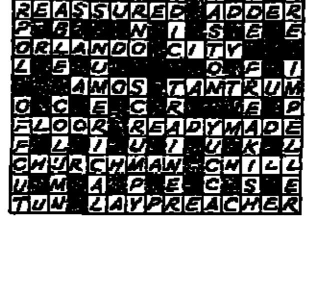
ACROSS

1 Interior cloud-cover? (6)
4 Unusual vowels of some midland players (6)
8 Frank one, this early Shaw title (7)
9 Fake diamonds take half an hour for a clever chemist (7)
11 No light duty for these battalions? (5, 5)
12 High-seas hand is continental (4)
13 Some window-seats can be divine (5)
14 He settles overseas oil-cost with nation's head, perhaps (8)
16 Mighty obstacle with which to end sentence (4, 4)
18 Scratch short week-day article (5)
20 Employer taking internal house-room (4)
21 Vermouth that French add in Caribbean island? (10)
23 Small type of maid going out with Don (7)
24 Champion on white horse in flat finish (7)
25 Eastern style of serving chops? (6)
26 Anti-Spitfire device in U.S. wing (6)

DOWN

1 Have trouble with tin? Go very slowly (5)
2 Female, lower spotted beetle (4-3)
3 Contract women tend to take out (9)
5 Where, in Ireland, love-periodical is taken to hospital (5)
6 Essentially complex bit of food? (7)
7 French banger — it fires mine (9)
10 Supply left on board in Greater Manchester (9)
13 Piece of fried chicken—and how one sells in America—on credit (9)
15 Deals suit in error—showing weariness (9)
17 He might have bit-parts in his work (7)
19 "Wyndham's Fancy" — a striking thing in the garden! (7)
21 Perhaps meant to influence Impressionists, he? (5)
22 This stomach lesion can be cruel (5)

Solution to Puzzle No. 5,378



INSURANCE & OVERSEAS MANAGED FUNDS

OFFSHORE AND OVERSEAS

NOTES

COMMODITIES AND AGRICULTURE

NZ butter likely to head farm talks casualty list

BY IVO DAWNAY IN BRUSSELS

AFTER THREE months of last-minute deals, New Zetaland's crucial butter sales to the EEC now look set to be the first casualty of the continuing failure of the Ten's farm ministers to settle a comprehensive agricultural reform package.

British negotiators are certain to fight vigorously for another one months, 6,920 tonne interim quota when ministers resume deliberations this weekend.

But all the signs are that if no final deal is reached, including a resolution to the near-intractable Irish demands for increases in milk production, New Zealand butter imports will be halted from Sunday.

M Michel Rocard, the French president of the farm council, came close to suggesting a kind of Boston Tea Party solution to the problem when questioned after Tuesday's barren farm talks.

"It would perhaps be cheaper and more convenient if we threw it into the sea," he said. "Our refrigerators are full."

But if New Zealand butter can be solved by a backdated future deal other products are more likely to undermine the whole precarious farm reform package.

The Iristh milk issue, though clearly the key obstacle to agreement, has overshadowed complaints from Britain, Italy and Greece which will either have to be resolved or put to majority votes.

The UK's greatest concern lies with its unique variable beef premium scheme, which *pays producers the difference* between market prices and the reference price fixed by the community.

The European Commission has proposed that the UK be brought into line with other member states and receive instead the normal intervention payments.

But this is fiercely resisted by a growing lobby of farmers and Conservative MPs who argue that such a change would cost the EEC substantially more than the current Ecu 60m per annum paid to support the variable premium.

Ireland is the strongest oponent of any compromise for the UK on the grounds that the present system boosts British exports while seducing Irish producers to sell over the border.

Italy, too, would use any UK exemption as grounds to support its argument for special treatment for veal calves and justification for a renegotiation of a 4.6m tonnes ceiling on guarantees for tomato producers.

Reopening the Italian tomato question would in turn strengthen Greek demands for higher ceilings on raisin and sultana production. Greece is also demanding improvements for its cotton industry.

If exceptions are made here, the French Presidency will come under strong pressure from its wine producers to restore private storage aids, and the whole delicate pack of cards could tumble.

M Rocard knows that some concessions will have to be made if a deal is to be clinched. His unenviable task tomorrow is to try to tinker with the package without unwrapping it altogether.

Block reiterates warnings on Cap reform

BY NANCY DUNNE IN WASHINGTON

A VISIT to see piglets, a barbecue and other diplomatic niceties failed to conceal the basic differences between the U.S. and France when French *President Francois Mitterrand's* visited the Illinois farm of Mr John Block, the U.S. Agriculture Secretary.

In "frank, friendly and direct" talks, Mr Block reiterated his warning that the U.S. and other trading countries would not bear the cost of reforming the Common Agricultural Policy.

He commended the community for the "monumental challenge" of reforming the Cap, but warned M Mitterrand not to restrict imports of non-grain feed ingredients (primarily maize gluten feed) and taxing the consumption of fats and oils. If such proposals were adopted the repercussions "would be very unfortunate."

M Mitterrand, after inspecting grain stocks and taking a tractor ride, complained that the U.S. sold five times as much agricultural produce to Western Europe as it purchases there and said the EEC faces a "dramatic situation" with the imbalance.

Following a discussion with American and French farm leaders, M Mitterrand and Mr Block concentrated on areas of agreement. Both said they had agreed to try to reduce protectionism in international trade.

Broken Hill suspension boosts lead price

By John Edwards, Commodities Editor

OPERATIONS at the Broken Hill lead-zinc-silver mining complex in Australia have been suspended because of industrial action by workers making them uneconomic, Austral Development announced yesterday.

The news boosted lead and also helped limit the decline in zinc values on the London Metal Exchange yesterday, even *though the company* said that metal production would not be affected for some time as adequate stocks of concentrates were held by the smelters for refining.

Three months lead closed £3.5 up at £338.25 a tonne, and rose to £343 in late kerb trading, also bolstered by the threatened strike of St Joe Minerals on the Missouri lead mines on Sunday when their existing labour contracts are due to expire.

Three months zinc closed £5.75 down at £710.75 a tonne, in spite of the Broken Hill stoppage and news that Electrolytic Zinc of Australasia has followed Noranda's example in lifting its European zinc production price by $40 to $1,090 a tonne.

Zinc came under selling pressure, and profit-taking, which depressed aluminium and copper prices. Three months aluminium sank below £1,000, closing £9 down at £995.25 a tonne. Three months higher grade copper lost £8 to £1,079.75 a tonne.

Tin resisted the downward trend following sustained support buying on behalf of the International Tin Council buffer stock, particularly of spot supplies. Standard grade cash tin gained £125.5 to £8,565 a tonne, while the three months quotation advanced by £91 to £8,654.5.

Argentine beef sales ban angers farmers and shoppers alike

ARGENTINA'S Radical Government moved swiftly earlier this month to excuse a week long ban on domestic beef sales as a "temporary" problem of supply and demand.

Sr Ricardo Campero, the Undersecretary of State for Commerce, said heavy rainfall had flooded farms and interrupted transport to the main cattle markets. This had coincided with a period of increased consumption stimulated by a generous wages policy. The ban was thus *necessary not only to restore* stocks but also to curb the country's three digit inflation. Uncontrolled meat prices had played havoc with the February consumer price index.

If such arguments were supposed to pacify public anger, then Sr Campero has clearly failed. Farmers were the first to protest that the measure would have no effect whatsoever on stocks. The ban was too short. Consumers meanwhile have suffered another surge in inflation with no meaningful reduction in meat prices.

In practice, the meat ban has succeeded only in highlighting the underlying structural problems of a farming sector which remains unable—or unwilling—to meet the enormous demands made on it.

Less than half a century ago, Argentina exported more beef than the rest of the world put together.

Today Argentina has fallen behind the EEC, Brazil, Aus*tralia, and New Zealand as a* major meat trader. Because of the Falklands war, tins of Argentine corned beef are no longer to be seen in British supermarkets. Total Argentine beef exports have fallen by 40 per cent in the last 15 years. In 1983 beef exports were 408,000 tonnes compared to 522,000 tonnes in 1982, and this year could see a further drop in volume of around 25 per cent.

Between 1977 and 1983, the country's stock fell from 61m head of cattle to under 52m. While seven years ago there were two calves for every one inhabitant, there is now simply not enough meat to go round and to export.

The figures reflect the changing pattern of Argentine agriculture, as farmers have reacted to a mix of ever-changing political circumstances, fluctuating exchange rates and persistently high inflation by getting rid of their heifers and investing in other more lucrative activities.

Jimmy Burns reports from Buenos Aires

At the height of the former military Government's speculative boom (1978-80)—when an overvalued peso combined with high domestic interest rates attracted large sums of "hot" money—many farmers abandoned the countryside and tried their hand at finances.

Argentina has taken advantage of its developing trade relationship with the Soviet Union and has also opened up new markets in North Africa and the Middle East.

But meat exports have continued to lose their competitive edge because of EEC protectionism and stiff U.S. rules on health control.

With a foreign debt of $43.6bn, the Government cannot easily allow its foreign trade in meat to lapse. In spite of the setbacks, meat exports last year were still the country's second major foreign exchange earner (after grains) with revenue of over $473m.

At the same time, however, the Government cannot sacrifice domestic consumption for fear of provoking social revolt. How then can the Government reconcile these two priorities when cattle stocks remain low?

The Under-secretary of State of Agriculture, Sr Lucio Reca, recently denied he was favouring the country's grain producers to the detriment of livestock farmers (and thus turning Argentina into a dangerously vulnerable monoculture) by admitting that the issue had no easy "short term solution"—a somewhat more realistic assessment than Sr Campero's.

The projects Sr Reca is considering include the greater use of the less fertile countryside in the north of Argentina for breeding and a more efficient system of health control.

Sr Reca, however, assumes that farmers will take time to rebuild their stocks and that trade blocks such as the EEC will persist. He is thus equally in favour of trying to moderate the national diet by boosting production of chickens and helping restructure the fishing industry.

Such schemes may however prove overambitious. Habits change with difficulty and the meat sector is made up of prove over-ambitious. Habits deeply entrenched interests. Sr Reca may, in the end, have to bend to some of the demands of the parties most affected by the current crisis and who have consistently refused to accept their share of the blame.

The farmers want a free market, lower taxation, and export incentives. The meat packers want greater intervention to rationalise supply and control prices. The butchers want a reduction inthe price of public utilities such as electricity and transport. The consumer wants to eat meat like the Englishman wants his tea. Clearly, it is not going to be easy to resolve these apparently conflicting pressures.

Pigmeat market gains strength

By Our Commodities Staff

THE BRITISH pigmeat market continued to strengthen last week with the average all-pigs price (AAPP), published by the Meat and Livestock Commission yesterday, reaching its highest ever level.

On the London pigmeat future smarket, however, prices eased on news of the AAPP's 0.42p rise to 105.4p a kilo.

A dealer explained that the announcement tended to suggest that the 2p a kilo rise in nearby futures prices over the past week may have been somewhat overdone in comparison with the performance of the physical market.

Futures values steadied again towards the close to end the day with only modest losses.

● POTATO PRICES continued to rise in Britain last week in spite of the wet weather, which normally leads to lower prices. The Potato Marketing Board's weekly market report, published yesterday, shows that farmers received £174.10 a tonne, on average in the week ended March 23, up £12.33 from the previous week, while wholesale and retail prices were also generally higher.

Though the weather has brought land work to a virtual standstill, there was only a slight increase in grading potatoes for the market, the PMB said. On the London futures market yesterday potato prices slipped back, with the April *position closing £8.50 down* at £201.80 a tonne.

● THE EEC Commission granted export licences for 43,000 tonnes of white sugar at its weekly tender in Brussels yesterday. The maximum export subsidy was set at 41.039 European currency units per 100 kilos.

PRICE CHANGES

In tonnes unless stated otherwise	Mar. 28 1984	+ or —	Month ago
Metals			
Aluminium	£1100	....	£1100
Free Mkt	$1448/1478	—25	$1500/550
Copper			
Cash h Grade	£1063	—9	£963.25
3 mths	£1079.75	—8	£985.75
Cash Cathode	£1063	—7	£954
3 mths	£1074.5	—10	£975.25
Gold troy oz.	$386.25	—2.85	$395
Lead Cash	£333.5	+3.5	£277.5
3 mths	£338.25	+3.5	£288.25
Nickel	£4836	....	£5025.64
Free Mkt	218/238c	+3	205/225c
Palladium oz.	$161.25	—1	$156.00
Platinum oz.	£270.00	—0.55	£268.55
Quick silver†	$305/315	+2.5	$290/300
Silver troy oz.	651.75p	—3.90	647.40p
3 mths	665.95p	—3.90	661.80p
Tin cash	£8565	+125.5	£8400
3 months	£8654.5	+91	£8527.5
Tungsten	$76.38	....	$75.07
Wolfram 22.04lb	$84/88	—2	$76/80
Zinc	£736.5	—8.5	£648.5
3mths	£7 0.75	+5.75	£641.75
Producers	$1050/1090	....	$1050

	Mar. 28 1984	+ or —	Month ago
Oils			
Coconut (Phil)	$1170w	—15	$1120
Groundnut	‡	....	‡
Linseed Crude	‡	....	£397
Palm Malayan	$705z	—5	$620
Seeds			
Copra Phil.	$760v	....	$715
Soyabean (U.S.)	$318.5u	—10	$301.90
Grains			
Barley Fut. Sep.	£106.65	—0.25	£120.50
Maize	£147.50	....	£147.50
Wheat Fut. Jly.	£128.25	—0.35	£124.65
No2 Hard Wint	‡	....	‡
Other commodities			
*Cocoa ship't**	£1872	+24	£1572
Futures May	£1816	+24	£1638.5
Coffee Ft. May	£1993.5	—19.5	£1919.5
Cotton A index	88.45c	....	87.95c
Gas Oil Apr	$249.75	+2	$245
Rubber (kilo)	75.5p	—0.5	81p
Sugar (raw)	£115wx	—1.5	£107.5
Woolt'ps 64s	466pkilo	....	470pkilo

‡ Unquoted. u April. x May. z June. v April-May. w March-April. † Per 75 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL

The gas oil market began the day $1.00-2.00 up and moved higher during the morning, supported by the Middle East news and the resultant firmer physicals. A very strong New York opening took the market to the highs but profit-taking put some pressure on prices late in the day, reports Premier Man.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.40-28.50	+0.1
Iranian Light	27.60-27.85	—0.03
Arab Heavy	26.75-26.90	+0.07
North Sea (Forties)	30.20	+0.02
North Sea (Brent)	30.10-30.30	+0.18
African (Bonny Lt'ht)	30.00-30.20	+0.15
PRODUCTS—North West Europe ($ per tonne)		
Premium gasoline	277-282	—1.5
Gas Oil	255-259	+1
Heavy fuel oil	181-186	+0.5

CRUDE OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per brl		
Apr.	30.20	—1.55	—
May	31.28	+0.50	31.25
June	—	....	—
July	—	....	—
Aug	—	....	—
Sept	—	....	—

Turnover: 1 (8) lots of 1,000 barrels.

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Mar.	254.00	+1.25	255.00-254.0
April	249.75	+2.50	250.75-248.5
May	247.00	+3.75	247.75-245.5
June	245.75	+3.00	246.50-244.5
July	245.75	+3.25	248.50-244.5
Aug.	248.25	+3.00	250.25-247.0
Sept	250.75	+2.75	252.00-250.0
Oct.	251.50	+1.50	254.00-251.0
Nov.	254.00	+1.50	—

Turnover: 2,004 (1,471) lots of 100 tonnes.

GOLD MARKETS

Gold fell $2¼ an ounce from Tuesday's close in the London bullion market yesterday to finish at $386-386½. The metal opened at $386¼-386¾ and traded between a high of $386½-387 and a low of $385¾-386. Trading was generally quiet and uneventful with the softer move reflecting the dollar's firmer trend.

In Paris the 12½ kilo bar was fixed at FFr 99,700 per kilo ($387.30 per ounce) in the afternoon compared with FFr 99,500 ($386.16) in the morning and FFr 100,050 ($390.62) on Tuesday afternoon.

In Frankfurt gold closed at $386-386½ from $388½-389.

In Zurich gold finished at $385½-386½ from $388½-389½.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was $386.20 from $389.15.

LONDON FUTURES

Month	Yest'days close	+ or —	Business Done
	$ per troy ounce		
April	386.10-86.30	—3.00	387.00-86.00
June	393.00-93.10	—3.00	393.90-92.90
Aug	399.50-00.60	—3.25	400.40-98.90
Oct.	406.50-07.70	—3.25	—
Dec	413.70-15.00	—3.50	—
Feb.	420.50-23.00	—3.50	—

Turnover: 687 (790) lots of 100 troy ounces.

	Mar. 28		Mar. 27	
Gold Bullion (fine ounce)				
Close	$386-386½	(£267¼-267¾)	$388¾-389⅛	(£267-267½)
Opening	$386¼-386¾	(£267-267½)	$389-389½	(£268¼-268¾)
Morning fixing	$385.75	(£266.807)	$389.10	(£268.345)
Afternoon fixing	$385.75	(£266.623)	$388.86	(£268.080)

Gold and Platinum Coins Mar. 28					
Krugrnd	$398½-399	(£275½-275¾)	King Sov	$92½-94	(£64-65)
½ Krug.	$205-206	(£141¾-142½)	Victoria Sov	$92½-94	(£64-65)
¼ Krug.	$104½-105½	(£72¼-73)	French 20s	$77½-79¼	(£53½-54¾)
1/10 Krug.	$42½-43½	(£29½-30)	50 Pesos Mex	$478-480	(£330¼-331¾)
Mapleleaf	$398¼-398¾	(£275¼-275½)	100 Cor Aust	$377-380	(£260½-262½)
New Sov.	$91-91½	(£62¾-63¼)	$20 Eagles	$630-640	(£435½-442¼)
½ New Sov.	$54-56	(£37¼-38¾)	Noble (Plat.)	$401½-406½	(£277¾-280¾)

EUROPEAN MARKETS

ROTTERDAM, March 28.

Wheat—(U.S. $ per tonne): U.S. two soft red winter April 188.75, May 187.50, Mid-June/mid-July 152. U.S. two northern spring 14 per cent protein April/May 182.50, May 181, June 181, July 179.50, Aug 176.50, Sept 175.25, Oct 177.50, Nov 178.75. U.S. three hard amber durum April/May 192.25, June 192.25, July 190, Aug 186, Sept 182, Oct 183, Nov 187. Canadian one western amber durum April/May 202.50, June 207.

Maize—(U.S. $ per tonne): U.S. three yellow March 165, April 165, May 165, June 164.50, July/Sept 162, Oct/Dec 140 sellers. Argentine Plate March 168, April 168, May 167, June 167 sellers.

PARIS, March 28.

Sugar—(FFr per tonne): May 1425/1430, Aug 1520/1525, Oct 1625/1630, Dec 1725/1735, March 1880/1890, May 1945/1965.

ROTTERDAM SOYABEANS—(U.S. $ per tonne): U.S. two yellow Gulfports, April 1/20 317.50, April 316.50, May 316, June 316.50, July 316.50, Aug 316, Sept 306, Oct 286.50, Nov 288.50, Dec 289.40, Jan 293.40, Feb 297.50 sellers.

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES were mixed on the London Metal Exchange. Tin rose strongly, boosted by buffer stock support, coupled with trade buying and stop-loss buying and closed at £8,660. News of a strike at Broken Hill in Australia prompted persistent demand for Lead which closed at £434, and helped to limit the decline in Zinc which was finally quoted at £711.5. Copper fell to £1,077 but rallied to close at £1,083.5 following reports of civil unrest in Peru.

COPPER

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1,065, 64.50, three months £1,083, 82, 81, 80.50, 81. Standard Cathodes: Cash £1,010. Kerb: Higher Grade: Three months £1,081.5, 81. Afternoon: Higher Grade: Three months £1,081, 81.50, 81, 80, 79.50, 79, 79.50. Kerb: Higher Grade: Three months £1,082, 82.50, 83, 83.50. Turnover: 19,150 tonnes. U.S. Producers: 74-78 cents a pound.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
HighGrde	£	£	£	£
Cash	1064.5-5	—7.5	1062.5-3.5	—9
3 months	1081-.5	—7.25	1079.5-80	—8
Settlem't	1065	—7.5	—	......
Cathodes				
Cash	1062-4	—10.5	1062-4	—7
3 months	1073-5	—13	1074-5	—10
Settlem't	1064	—10	—	......

TIN

Tin—Morning: Standard: Cash £8,508, 10, three months £8,620, 15, 10, 15, 20, 15. High Grade: Cash £8,650, 55, 60. Kerb: Standard: Three months £8,615, 20. Afternoon: Standard: Three months £8,630, 25, 30, 35, 40, 50, 51, 54. High Grade: Three months £8,695. Kerb: Standard: Three months £8,655, 60. Turnover: 2,655 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	8560-5	+81.5	8605-15	+135
3 months	8640-50	+45	8690-5	+87.5
Settlem't	8565	+93	—	......
Standard				
Cash	8505-10	+76.5	8560-70	+125
3 months	8612-5	+46	8654-5	+91
Settlem't	8510	+78	—	......
Straits E.	$89.15	—	—	......

LEAD

Lead—Morning: Cash £334.50, three months £339, 38, 39, 38.50. Kerb: Three months £338.50. Afternoon: Three months £339, 38, 37.50, 38, 38.50. Kerb: Three months £340, 41, 42, 43. Turnover: 9,750 tonnes. U.S. Spot: 25-28 cents per pound.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	334.5-5	+3.75	333-4	+3.5
3 months	338.5-9	+3.5	338-.5	+3.5
Settlem't	335	+3.5	—	......

ZINC

Zinc—Morning: Cash £737, 38, three months £714, 13, 13.50, 12. Kerb: Three months £711. Afternoon: Cash £734, 36, three months £710, 09, 08, 09, 08.50, 09, 10, 10.50, 11. Kerb: Three months £711, 10, 11, 12. Turnover: 10,350 tonnes. U.S. Prime Western: 53-53.75 cents a pound.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	738-9	—6	736-7	—8.5
3months	711-.5	—7	710.5-1	—5.75
Settlem't	739	—8	—	......

ALUMINIUM

Aluminium—Morning: Three months £993, 94, 93, 92, 93, 92.50. Kerb: Three months £993, 94, 95. Afternoon: Three months £994, 93.50, 93, 94, 94.50, 95. Kerb: Three months £995, 96, 96.50, 96, 97, 96.50, 97, 98, 98.50, 99. Turnover: 14,800 tonnes.

Aluminim	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	972-3	—8.25	975-6	—10
3 months	992-.5	—11.5	995-.5	—9

NICKEL

Nickel — Morning: Three months £3,495, 90. Kerb: Three months £3,491. Afternoon: Three months £3,490, 85, 80, 85, 87, 90, 92, 90. Kerb: Three months £3,488, 85, 95, 3,500, 10, 3,500. Turnover: 786 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3412-4	+5.5	3410-5	+15
3 months	3490-5	+6	3490-2	+18.5

SILVER

Silver was fixed 3.9p an ounce lower for spot delivery in the London bullion market, yesterday at 651.75. U.S. cent equivalents of the fixing levels were: spot $9.42, down 7.7c; three-month $9.67 down 7.1c; six-month $9.917, down 6.3c; and 12-month $10.472, down 7.9c. The metal opened at 652-655p ($9.43-9.45) and closed at 654-657p ($9.45-9.48).

SILVER per troy	Bullion fixing price	+ or —	L.M.E. p.m. Unoffial	+ or —
Spot	651.75p	—3.90	655p	......
3 months	665.95p	—3.60	669.25p	—8.5
6 months	679.50p	—4.70	—	......
12months	709.60p	—4.30	—	......

LME—Silver (2,000 oz contract): Cash 655p (same); three months 669.25p (669.75p). Turnover: 0 (0).

Turnover: 57 (60) lots of 10,000 ozs. Morning: Large 652.2; three months 666.5, 66.0. Kerb: large three months 667.0. Afternoon: large three months 669.0. Kerb: large three months 669.0, 69.5.

COCOA

Futures traded within a narrow range for the greater part of the day but rallied strongly at the final call and closed on a firm note. Some light producer interest was noted but physicals were largely ignored, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1790-97	+9.5	1800-74
May	1815-17	+24.0	1820-88
July	1810-11	+9.0	1822-97
Sept	1798-00	+5.5	1798-87
Dec	1775-76	+14.5	1777-53
March	1765-80	+7.5	1760-50
May	1770-75	—	1775-50

Sales: 3,330 (2,762) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily prices for March 27: 115.73 (118.31); five-day average for March 28: 116.08 (116.58).

COFFEE

During a quiet morning values drifted lower in light volume and mixed dealings, reports Drexel Burnham Lambert. Continued trade selling prompted further losses before commission house and dealer support provided incentive for a recovery at the close.

COFFEE	Yesterd'ys Close	+ or —	Business Done
March	2078-79	—32.5	2100-75
May	1993-94	—19.5	2006-85
July	1950-51	—11.0	1955-40
Sept	1910-14	—9.0	1913-00
Nov.	1868-84	—4.0	1863-78
January	1840-43	—1.0	1840-34
March	1795-99	—6.5	1786-93

Sales: 2,511 (4,458) lots of 5 tonnes.

ICO Indicator prices (U.S. cents per pound) for March 27: Comp daily 1979 143.60 (143.70); 15-day average 142.81 (142.69).

GRAINS

Business done—Wheat: May 126.15-5.80, July 128.35-8.00, Sept 109.85-9.40, Nov 112.40-2.15, Jan 115.30-5.15. Sales: 245 lots of 100 tonnes. Barley: May 121.80-1.50, Sept 106.65-6.50, Nov 109.40-9.30, Jan 112.30 only. Sales: 51 lots of 100 tonnes.

WHEAT Mnth	Yesterd'ys close	+ or —	BARLEY Yesterd's close	+ or —
May	125.95	—0.45	121.80	—0.10
July	128.25	—0.35	—	......
Sept.	109.65	—0.20	106.65	—0.25
Nov	112.35	—0.20	109.35	—0.40
Jan	115.30	—0.20	112.35	—0.35

HGCA — Locational ex-farm spot prices. Feed barley: N. East 122.30, Scotland 120.90. The UK monetary coefficient for the week beginning Monday April 2 (based on HGCA calculations using four days' exchange rates) is expected to remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent April/May 135.50, June 134, July 131.75 transhipment East Coast. English feed fob May/June 128.50, Sept 113, Oct/Dec 115.50 seller East Coast. Maize: French March 147.50, April 148 sellers East Coast. Barley: English feed fob May 127.50, June/Aug 108, Sept 109.25 sellers East Coast. Rest unquoted.

PIGMEAT

The market opened dull and slightly easier, awaiting the announcement of the AAPP (average all-pig price) which rose by 0.42p to 105.4p for the week ending March 24. Keen trade selling tested previous support levels before prices steadied on the close, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
June	117.9	118.3	118.5-117.5
Aug.	116.2	116.0	116.2-115.7
Oct	120.6	120.7	120.7-120.5
Nov.	121.2	121.7	121.5-121.2
Feb	120.3	120.5	120.4-120.2
April	119.3	119.5	—

Sales: 178 (129) lots of 50 carcasses 3,250 kilos.

POTATOES

Selling pressure continued to epress prices of old crop positions, especially April which found heavy long liquidation and little support until lower levels. New crops were quiet and slightly steadier, reports Premier Man.

Month	Yesterdy's close	Previous close	Business Done
	£ per tonne		
April	201.80	208.30	209.0-201.5
May	242.30	245.20	246.5-241.0
Nov.	76.40	75.90	77.00
Feb	87.00	86.80	—
April	103.50	102.90	104.0-103.8

Sales: 1,306 (1,203) lots of 40 tonnes.

RUBBER

The London physical market opened slightly easier, attracted little interest throughout the day and closed idle, reports Lewis and Peat. The Kuala Lumpur May fob price for RSS No 1 was 250.0 (248.51 cents a kg and for SMR 232.5 (231.0).

No. 1 R.S.S.	Yesterdy's close	Previous close	Business Done
	£ per tonne		
May	760-790	745-805	—
June	765-795	750-805	—
Jly-Sept	801-803	810-811	805-800
Oct-Dec	826-827	833-836	830-825
JanMch	847-848	848-853	847
Apl-Jne	865-870	867-872	—
Jly-Sept	880-882	885-887	—
Oct-Dec	895-905	903-910	—
JanMch			—

Sales: 37 (25) lots of 15 tonnes.

Physical closing prices (buyers) spot 75.50p (76.00p). May 80.00p (81.00p). June 81.00p (81.50p).

SOYABEAN MEAL

The market opened £2 down with commission house selling, reports T. G. Roddick. The afternoon saw commercial selling weaken prices further.

	Yestday's close	+ or —	Business Done
	£ per tonne		
April	157.00-59.50	—	—
June	157.50-57.60	—2.45	159.00-57.50
August	159.00-59.50	—2.40	160.00-59.20
October	159.50-61.00	—2.45	—
Dec	161.00-62.50	—1.65	—
Feb	161.50-65.90	—2.00	—
April	162.50-67.50	—1.75	—

Sales: 64 (62) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £115.00 ($166.00), down £1.50 a tonne fob March-April-May delivery. White sugar $178.00, down $5.50.

Prices initially eased following commission house sell-at-best orders after the sharp overnight fall in New York. Thereafter the market attempted to consolidate at the lower levels, reports C. Czarnikow.

No. 4 Contract	Yestday's close	Previous close	Business done
	£ per tonne		
May	120.00-25.00	120.25-59.50	124.00-22.00

No. 6 Contract	$ per tonne		
May	175.40-75.60	180.60-80.80	181.00-74.20
Aug.	189.60-89.80	194.40-94.60	194.50-88.20
Oct	200.40-00.80	204.80-65.20	205.00-88.80
Dec.	206.40-07.80	211.20-12.00	208.00-05.00
Mar.	224.80-25.80	229.20-29.60	228.60-25.80
May	230.80-32.00	235.20-35.40	231.00-29.80
Aug.	238.00-45.00	242.00-44.00	—

Sales: No 4 265 (19); No 6 3,188 (2,311) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £219.25 (£222.50) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and showed Caribbean ports). Prices for March 27: Daily price 6.45 (6.53); 15-day average 6.45 (6.43).

INDICES

FINANCIAL TIMES

Mar. 27	Mar. 26	M'th ago	Year ago
304.43	306.04	289.54	275.93

(Base: July 1 1952=100)

REUTERS

Mar. 28	Mar. 27	M'th ago	Year ago
1993.7	2003.7	1939.1	1788.5

(Base: September 18 1931=100)

MOODY'S

Mar. 27	Mar. 7	M'th ago	Year ago
1080.5	1068.8	1056.6	1042.3

(Base: December 31 1931=100)

DOW JONES

Dow Jones	Mar. 27	Mar. 7	Month ago	Year ago
Spot	142.95	143.63	139.55	138.16
Fut's	146.54	144.86	142.95	143.56

(Base: December 31 1974=100)

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. March 405 buyer, nil; May 423, 430, 426; Aug 449, 455, 449-448; Oct 450, 455, 454-450; Dec 452, 456, 453-452; Jan 453, 458, 454-453; March 460, 463, 461-460; May 466, 471, 468; Aug 479, 483, 479-478. Sales: 77.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. May 575.0, 577.0, 577.5-577.0; July 588.0, 589.5, untraded; Oct 573.0, 576.5, untraded; Dec 581.0, 583.0, untraded; March 591.0, 596.5, untraded; May 600.0, 608.5, untraded; July 615.0, 622.0, untraded; Oct 610.0, 620.0, untraded. Sales: 6.

HIDES

HIDES—Leeds (Birmingham). Second clears. Ox: 31-35.5 kg. 100.7p a kg (105.2p withdrawn); 26-30.5 kg. 106.5p a kg (112.5p withdrawn); 22-25.5 kg. 115.0p a kg withdrawn (122.1p withdrawn). Cows: 25.5 kg. 121.0p a kg withdrawn (127.2p withdrawn).

COTTON

LIVERPOOL — Spot and shipment sales amounted to 120 tonnes. Moderate trading developed with Central and South American growths in request. Users also wanted East and West African varieties.

MEAT/FISH

SMITHFIELD—Pence per pound—Beef—Scotch killed sides 77.0-84.0; English hindquarters 97.5-102.0, forequarters 58.5-59.0. Veal—Dutch hinds and ends 122.0-126.0. Lamb—English small 88.0-92.0, medium 85.0-90.0, heavy 83.0-88.0; Imported: New Zealand PL (new season) 64.5-64.5, PM (new season) 65.0-65.0, PX (old season) 56.0-57.0. Pork—English under 100 lb 54.5-59.0, 100-120 lb 53.5-57.5, 120-60 lb 48.5-54.0.

MEAT LIVESTOCK — Commission average fatstock prices at representative markets. GB—Cattle 97.08p per kg lw (—1.46). GB—Sheep 207.93p per kg est dcw (+4.75). GB—Pigs 85.89p per kg lw (+0.65). GB Average All-Pig Price w/e March 24 105.40p per kg dw (+0.42).

COVENT GARDEN — Prices for the bulk of produce, in sterling per packaeg unless otherwise stated. English produce: Apples—Per pound, Cox's 0.18-0.32, Ida Red 0.14-0.16, Golden Delicious 0.10-0.12, Bramley 0.16-0.22, Laxton 0.14-0.16, Spartan 0.16-0.20. Pears—Per pound, Comice 0.18-0.25, Conference 01.0-0.22. Potatoes—Whites 5.60-6.00, Edwards 6.00-6.40, Bakers 7.50-8.00; ew, Isle of Wight, per pound 0.80. Mushrooms—Per pound, open 0.50-0.70, closed 0.75-0.85. Lettuce—Per tray round 1.20-1.60. Onions—Per 55-lb 7.00-8.00. Cabbages—Per 25-lb Jan King 3.20-3.50. Beetroots—28-lb round 2.20-2.40. Turnips—28-lb 2.00-2.50. Swedes—28-lb 1.20-1.50. Sprouts—Per pound 0.15-0.18. Carrots—28-lb 1.80-3.20.

BECAUSE OF the recent change in the time difference between U.S. and Britain, we are unable to print yesterday's U.S. price changes in this edition.

AMERICAN MARKETS

NEW YORK, March 27.

Heating oil prices were higher on repeated reports of further escalation by Iraq of the conflict with Iran, reports Heinold Commodities. Sugar prices were under pressure from long liquidation after the market could not hold early firm levels. Copper prices declined moderately mostly on profit-taking and on late arbitrage selling. Aluminium prices were fractionally lower in [illegible] characterised by an absence of interest. Cocoa prices [illegible] commission house [illegible] moisture in West Africa filtered into the market. Cotton prices were on the defensive following a late sell-off in soyabeans. Coffee prices declined late in the day as light commission house buying was more than offset by arbitrage sales. Gold and silver went their separate ways as gold came under pressure from commission house selling after being unable to perform on the upside. Silver was unchanged to fractionally higher on light technical support. Soyabean prices collapsed on [illegible]

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

[illegible]

COCOA 10 tonnes, $/tonnes

[illegible]

COFFEE "C" 37,500 lb, cents/lb

[illegible]

COPPER 25,000 lb, cents/lb

[illegible]

COTTON 50,000 lb, cents/lb

[illegible]

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

[illegible]

GOLD 100 troy oz, $/troy oz

[illegible]

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

[illegible]

ORANGE JUICE 15,000 lb, cents/lb

[illegible]

PLATINUM 50 troy oz, $/troy oz

[illegible]

SILVER 5,000 troy oz, cents/troy oz

[illegible]

SUGAR WORLD "11" 112,000 lb, cents/lb

[illegible]

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

[illegible]

LIVE HOGS 30,000 lb, cents/lb

[illegible]

MAIZE 5,000 bu min, cents/56-lb bushel

[illegible]

PORK BELLIES 38,000 lb, cents/lb

[illegible]

SOYABEANS 5,000 bu min, cents/60-lb bushel

[illegible]

SOYABEAN MEAL 100 tons, $/ton

[illegible]

SOYABEAN OIL 60,000 lb, cents/lb

[illegible]

WHEAT 5,000 bu min, cents/60-lb bushel

[illegible]

SPOT PRICES—Chicago loose lard 30.00 (same) cents per pound. New York tin 571.0-76.0 (565.0-71.0) cents per pound.

مكانه الأصل

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firm but nervous

The dollar improved in quiet foreign exchange trading yesterday. Intervention by the Federal Reserve to mop up excess liquidity through matched sales on the New York money market on Tuesday and yesterday encouraged some buying of the dollar. Credit conditions in the U.S. are expected to tighten because of demand for funds at the end of the quarter, but the market has been very liquid of late and with the foreign exchanges looking for new factors the Fed's intervention was regarded as another hint that interest rates may move higher. Speculation about an increase in the Federal Reserve discount rate has all but evaporated, however, and the market is now awaiting the U.S. February trade figures, due for publication today, amid suggestions that the deficit may be another record in excess of $10bn. Until recently the market had been looking for a slight improvement, and a deficit of around $8bn, compared with $9.5bn in January.

Despite this, interest rate factors tended to dominate thinking yesterday, leading to some short covering, which began in New York on Tuesday night. The dollar rose to DM 2.5975 from DM 2.5780 against the D-mark; FFr 7.9925 from FFr 7.9425 against the French franc; SwFr 2.1590 from SwFr 2.1410 in terms of the Swis franc; and Y225.10 from Y223.30 against the Japanese yen.

On Bank of England figures the dollar's trade-weighted index rose to 126.6 from 125.9.

STERLING — Trading range against the dollar in 1983-84 is 1.6245 to 1.3955. February average 1.4409. Trade-weighted index unchanged all day at 80.5, compared with 80.3 at Tuesday's close, and 84.2 six months ago.

Sterling lost ground to the firmer dollar, but rose against Continentals, underpinned by Tuesday's better than expected UK trade figures. It opened at $1.4450-1.4460, and traded within a narrow range of $1.4415-1.4500, before closing at $1.4465-1.4475, a fall of 90 points on the day. On the other hand the pound improved to DM 3.76 from DM 3.7550; FFr 11.5650 from FFr 11.56; SwFr 3.1250 from SwFr3.12; and Y326 from Y325.50.

D-MARK — Trading range against the dollar in 1982-83 is 2.8425 to 2.3320. February average 2.7000. Trade weighted index 127.6 against 126.3 six months ago.

The dollar rose at yesterday's fixing in Frankfurt to DM 2.6035 from DM 2.5860 on Tuesday. The Bundesbank sold $6.1m at the fixing. The dollar's firmer trend reflected market fears of higher U.S. interest rates but after opening firmer, the dollar traded within a narrow range, possibly reflecting concern over today's release of U.S. trade figures, which are expected to show a further large deficit. Elsewhere sterling rose to DM 3.7580 from DM 3.7480 and the Swiss franc to DM 1.2050 compared with DM 1.2022.

BELGIAN FRANC — Trading range against the dollar in 1983-84 is 57.91 to 45.90. February average 55.30. Trade weighted index 90.7 against 90.8 six months ago.

The Belgian central bank did not intervene in currency markets in the week ending March 26, according to figures released yesterday. This compared with the previous week's figure of BFr 10.4bn and was the first time for over two months that the authorities had allowed a week to pass with no support for the Belgian franc. This reflected a stronger tendency by the Belgian unit and it moved within its divergence limit for the first time this year. Part of the franc's recovery was attributable to renewed dollar strength which, in turn, has weakened the D-mark.

The dollar rose to BFr 53.27 from BFr 52.9175 at yesterday's fixing and sterling was higher at BFr 76.9850 from BFr 76.6450. Within the EMS the D-mark slipped to BFr 20.46 from BFr 20.4625 while the French franc improved to BFr 6.6537½ from BFr 6.6397½.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 28	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.6596	+1.69	+1.64	±1.5447
Danish Krone ...	8.14104	8.18439	+0.53	+0.48	±1.6425
German D-Mark	2.24184	2.23160	−0.46	−0.51	±1.0842
French Franc ...	6.87456	6.86436	−0.15	−0.20	±1.4052
Dutch Guilder ...	2.52595	2.51719	−0.35	−0.40	±1.4984
Irish Punt	0.72569	0.729104	+0.47	+0.42	±1.6699
Italian Lira	1403.49	1387.90	−1.11	−1.11	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York (Latest)

	March 28	Prev. close
Spot	$1.4460-4470	$1.4445-4455
1 month	0.20-0.23 dis	0.22-0.23 dis
3 months	0.63-0.67 dis	0.63-0.65 dis
12 months	2.94-3.04 dis	2.88-3.04 dis

£ forward rates are quoted in U.S. cents discount.

THE DOLLAR SPOT AND FORWARD

March 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4415-1.4500	1.4465-1.4475	0.20-0.25c dis	−1.86	0.65-0.70dis	−1.86
Ireland†	1.1745-1.1795	1.1785-1.1795	0.24-0.21c pm	2.29	0.72-0.64 pm	2.31
Canada	1.2775-1.2800	1.2795-1.2800	0.05-0.03c pm	0.37	0.06-0.04 pm	0.16
Nethlnd.	2.9330-2.9410	2.9330-2.9350	1.00-0.95c pm	3.98	3.32-3.27 pm	4.48
Belgium	53.15-53.30	53.28-53.30	6½-8c dis	−1.63	18-22 dis	−1.50
Denmark	9.5300-9.5575	9.5300-9.5350	1.10-0.60ore pm	1.07	2.25-1.75 pm	0.84
W. Ger.	2.5930-2.6080	2.5970-2.5980	1.13-1.08pf pm	5.09	3.31-3.28 pm	5.04
Portugal	131.75-132.40	131.90-132.40	100-250c dis	−15.89	300-750 dis	−15.89
Spain	149.00-149.45	149.05-149.15	65-75c dis	−5.63	210-240 dis	−6.03
Italy	1618-1621	1618½-1619½	7¼-7¾lire dis	−5.55	23¼-24¼ dis	−5.86
Norway	7.5060-7.5310	7.5050-7.5100	1.60-2.70ore dis	−2.95	4.90-5.40dis	−2.74
France	7.9875-8.0225	7.9900-7.9950	1.40-1.70c dis	−2.32	7.25-7.90ds	−3.80
Sweden	7.7275-7.7390	7.7300-7.7350	0.55-0.05ore pm	0.47	0.85-0.15 pm	0.21
Japan	224.60-225.70	225.05-225.15	0.78-0.68y pm	3.89	2.48-2.38 pm	4.31
Austria	18.25-18.33	18.26-18.27	6.90-6.40gro pm	4.38	20.25-18.25pm	4.21
Switz.	2.1530-2.1650	2.1585-2.1595	1.24-1.19c pm	6.75	3.67-3.62 pm	6.75

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 55.25-55.30

THE POUND SPOT AND FORWARD

March 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4415-1.4500	1.4465-1.4475	0.20-0.25c dis	−1.86	0.65-0.70ds	−1.88
Canada	1.8430-1.8530	1.8500-1.8510	0.22-0.32c dis	−1.75	0.75-0.85ds	−1.73
Nethlnd.	4.23¾-4.25½	4.24¼-4.25¼	1⅛-⅞c pm	2.47	3⅛-2⅞ pm	2.82
Belgium	76.75-77.15	76.95-77.05	18-28c dis	−3.58	60-70 dis	−3.38
Denmark	13.76-13.81	13.79-13.80	0.30-1.30ore dis	−0.69	2.75-3.25ds	−0.97
Ireland	1.2260-1.2320	1.2290-1.2300	0.36-0.44p dis	−3.90	1.22-1.38dis	−4.23
W. Ger.	3.75-3.77	3.75¾-3.76¼	1¼-¼pf pm	3.19	3¾-2¾ pm	3.19
Portugal	190.00-191.50	190.75-191.25	170-395c dis	−17.75	515-1180d	−17.76
Spain	215.50-216.25	215.85-216.05	125-145c dis	−7.50	405-440dis	−7.82
Italy	2334-2343	2340½-2342½	12½-14½lire dis	−6.92	43½-45½dis	−7.60
Norway	10.84-10.90	10.85½-10.86½	3.80-4.80ore dis	−4.75	11.85-12.95d	−4.57
France	11.55-11.58	11.56-11.57	3½-4½c dis	−4.15	15½-17½dis	−5.71
Sweden	11.15-11.19½	11.18-11.19	0.75-1.70ore dis	−1.31	3.85-5.05ds	−1.61
Japan	324½-327	325½-326½	0.56-0.48y pm	1.91	2.11-2.00 pm	2.52
Austria	26.35-26.55	26.48-26.53	7-5⅛gro pm	2.77	19½-14½ pm	2.55
Switz.	3.11-3.13½	3.12-3.13	1½-1c pm	4.80	4½-3½ pm	4.56

Belgian rate is for convertible francs. Financial franc 79.95-80.05. Six-month forward dollar 1.35-1.40c dis. 12-month 2.95-3.05c dis.

OTHER CURRENCIES

Mar. 28	£	$		£ Note Rates
Argentina Peso...	46.39-46.48	32.12-32.15	Austria	26.30-26.60
Australia Dollar.	1.5400-1.5425	1.0665-1.0675	Belgium	79.40-80.20
Brazil Cruzeiro...	1,885.6-1,895.1	1,304-1,311	Denmark.........	13.74-13.88
Finland Markka...	8.0660-8.0690	5.5780-5.5800	France	11.53-11.64
Greek Drachma..	148.70-149.15	102.90-103.20	Germany.........	3.74½-3.78½
Hong Kong Dollar	11.26¾-11.28½	7.8075-7.8150	Italy.........	2315-2345
Iran Rial.........	124.95*	86.80*	Japan	323-328
KuwaitDinar(KD)	0.4225-0.4238	0.29295-0.29305	Netherlands.........	4.22-4.26
Luxembourg Fr..	76.95-77.05	53.28-53.30	Norway.........	10.83-10.94
Malaysia Dollar..	3.3050-3.3125	2.2910-2.2925	Portugal.........	185-196
N. Zealand Dlr.	2.1705-2.1745	1.5020-1.5040	Spain.........	209¼-219½
Saudi Arab. Riyal	5.0805-5.0850	3.5210-3.5215	Sweden.........	11.12-11.23
Singapore Dollar	3.0075-3.0150	2.0845-2.0860	Switzerland.........	3.11-3.14
Sth African Rand	1.7920-1.7965	1.2385-1.2415	United States.........	1.43¼-1.45¼
U.A.E. Dirham...	5.2985-5.3040	3.6720-3.6730	Yugoslavia	175-200

*Selling rates.

CURRENCY MOVEMENTS

Mar. 28	Bank of England Index	Morgan Guaranty Changes%
Sterling.........	80.5	−10.7
U.S. dollar.........	126.5	+15.7
Canadian dollar....	88.4	−2.7
Austrian schilling..	117.8	+4.0
Belgian franc.........	90.7	−10.9
Danish kroner.........	79.5	−8.7
Deutsche mark.........	127.6	+9.2
Swiss franc.........	148.7	+11.4
Guilder.........	116.3	+5.1
French franc.........	67.3	−14.4
Lira	48.7	−13.0
Yen	159.0	+15.1

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

March 28	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling.........	—	0.735699	0.593439
U.S. $	8½	1.06272	0.856338
Canadian$...	10.75	*	1.09508
Austria Sch.	4¼	N/A	15.6709
Belgian Fr...	11	56.6111	45.6596
Danish Kr...	7	10.1490	8.18439
D'mark	4	2.75679	2.23160
Guilder.........	5	3.12227	2.51719
French Fr...	9½	8.50867	6.86436
Lira	16	1721.08	1387.90
Yen	5	238.581	192.675
Norwgn Kr..	8	7.99484	6.44647
Spanish Pta.	—	158.709	127.936
Swedish Kr..	8½	8.21376	6.63315
Swiss Fr	4	2.39792	1.86182
Greek Dr'ch	20½	109.779	88.3820

*C$/SDR rate for March 27: 1.36228.

EXCHANGE CROSS RATES

Mar. 27	Pound St'rling	U.S. Dollar	Deusche m'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.447	3.760	326.0	11.566	3.125	4.248	2342.	1.851	77.00
U.S. Dollar	0.691	1.	2.598	225.1	7.993	2.159	2.934	1619.	1.280	53.29
Deutschemark	0.266	0.385	1.	86.70	3.076	0.831	1.130	622.7	0.492	20.48
Japanese Yen 1,000	3.067	4.439	11.53	1000.	35.48	9.586	13.03	7183.	5.676	236.2
French Franc 10	0.865	1.251	3.251	281.9	10.	2.702	3.673	2025.	1.600	66.58
Swiss Franc	0.320	0.463	1.203	104.3	3.701	1.	1.359	749.3	0.592	24.64
Dutch Guilder	0.235	0.341	0.885	76.75	2.723	0.736	1.	551.3	0.436	18.13
Italian Lira 1 000	0.427	0.618	1.606	139.2	4.939	1.336	1.814	1000	0.790	32.88
Canadian Dollar	0.540	0.782	2.032	176.2	6.250	1.689	2.295	1265.	1.	41.61
Belgian Franc 100	1.299	1.879	4.883	423.4	15.02	4.058	5.516	3041.	2.403	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Mar. 28	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	8⅝-8¾	9½-9¾	9¼-9¾	5⅞-6	14¾-15¼	5⅜-5½	11¾-12	12¾-14¼	11¼-11¾	11¼-11¾	7⅝-7⅞	10-10½
7 days' notice	8⅝-8¾	9⅝-9⅞	9½-10	5⅞-6	7⅜-7⅝	5 7/16-5 9/16	12-12¼	12½-14	12-12½	11¾-12	7-7⅛	10½-11
Month	8¾-8 15/16	10 3/16-10 5/16	9 13/16-10 1/16	6-6⅛	3¾-3⅞	5 9/16-5 11/16	12½-12¾	15⅝-16⅛	11⅞-12⅜	11¾-12	6¼-6⅜	10-10½
Three months	8⅞-9	10 7/16-10 9/16	10 3/16-10 5/16	6 1/16-6 3/16	3¾-3⅞	5 9/16-5 11/16	14¼-14½	16½-17	12-12½	11¾-12	6¼-6⅜	10⅝-10⅞
Six months.........	9-9⅛	10 13/16-11 1/16	10 5/16-10 9/16	6⅛-6¼	3⅞-4	5¾-5 15/16	14⅞-15⅛	17⅛-17½	12-12½	11¾-12	6¼-6⅜	10¾-11¼
One year	9¼-9⅜	11⅜-11⅝	11⅛-11⅜	6½-6⅝	4 7/16-4 9/16	6⅛-6 5/16	15¾-16	17⅜-18	12-12½	11¾-12	6⅜-6½	11¼-11¾

Asian $ (closing rates in Singapore): Short-term 11-11¼ per cent; seven days 10⅛-10⅜ per cent; one month 10 7/16-10 9/16 per cent; three months 10 11/16-10 13/16 per cent; six months 10⅞-11 per cent; one year 11 5/16-11 7/16 per cent. Long-term Eurodollars two years 12⅛-12⅜ per cent; three years 12⅜-12⅝ per cent; four years 12⅝-12⅞ per cent; five years 12¾-13 per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; two days' notice.

MONEY MARKETS

London rates steady

Short-term interest rates were little changed on the London money market yesterday. Despite expectations of higher U.S. rates, sentiment was helped by Tuesday's better than expected UK trade figures and the improvement of sterling against Continental currencies. Three-month interbank eased to 8 13/16 per cent from 8 15/16 per cent, while discount houses buying rates for three-month bank bills were unchanged at 8 11/16 per cent.

UK clearing banks' base lending rate 8½-8¾ per cent (since March 15 and 16)

The Bank of England forecast another very large shortage of £700m, and later revised this to £750m. The unwinding of earlier repurchase agreements on bills was the main reason, draining £981m, while bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills, absorbed another £173m. The market was also faced with a rise in the note circulation of £70m, and bank balances below target of £70m, but all these factors were partly offset by Exchequer transactions adding £550m to liquidity.

Assistance from the authorities amounted to £854m, and because of the very large shortage the Bank of England offered an early round of help. This totalled £468m, and in the early morning the authorities bought £129m bills outright by way of £8m bank bills in band 1 (up to 14 days maturity) at 8 9/16 per cent; £15m bank bills in band 2 (15-33 days) at 8½ per cent; £15m bank bills in band 3 (34-63 days) at 8 7/16 per cent; and £91m bank bills in band 4 (64-91 days) at 8⅜ per cent.

Another £339m bills were purchased for resale on April 30 at 8⅜ per cent.

Before lunch the Bank of England bought a further £98m bills outright through £4m bank bills in band 1 at 9 1/16 per cent; £17m bank bills in band 2 at 8½ per cent; £1 bank bills in band 3 at 8 7/16 per cent; and £76m in bank bills in band 4 at 8⅜ per cent.

MONEY RATES

Mar. 28	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.50-5.55	11⅛	9⅞-10⅛	5¾-5⅞	6.59375	16¾-17¼	11.7	12⅛-12⅜
One month	5.75-5.90	12⅜-12½	3 7/16-3 9/16	6-6⅛	6.46875	16⅞-17⅜	11¾-12	12¾-13
Two months	5.75-5.90	12 5/16-12 7/16	—	—	—	—	—	12⅞-13⅛
Three months	5.80-5.90	12 5/16-12 7/16	3 7/16-3 9/16	6 1/16-6 3/16	6.28125	17⅛-17⅝	11¾-12	13-13¼
Six months	5.85-6.00	12 5/16-12 7/16	—	6⅛-6¼	—	—	11¾-12	13⅛-13⅜
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	12	—	5⅞	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Mar. 28 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	6-10	[illegible]	7-8⅞	5-9	—	—	—	—	—
2 days notice	—	—	[illegible]	—	—	—	—	—	—	—
7 days or	—	—	[illegible]	—	—	—	—	—	—	—
7 day notice	—	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	[illegible]	—	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Two years	—	[illegible]	—	—	—	—
Three years	—	[illegible]	—	—	—	—
Four years	—	[illegible]	—	—	—	—
Five years	—	[illegible]	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period February 8 to March 6 1984 (inclusive): 9.373 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 9½ per cent from March 1 1984. London and Scottish Clearing Bank Rates for lending 8½-8¾ per cent. Treasury Bills: Average tender rates of discount 8.3707 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9 per cent; one-three months 9 per cent; three-six months 9¼ per cent; six-nine months 9¼ per cent; nine-12 months 9¼ per cent. Under £100,000 8¾ per cent from March 22. Deposits held under Series 4-5 9¼ per cent. The rate for all deposits withdrawn for cash 7 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	11½
Broker loan rate	11
Fed funds	9¾
Fed funds at intervention	—

Treasury Bills

One month	9.40
Two month	9.55
Three month	9.76
Six month	9.87
One year	9.87

Treasury Bonds

Two year	[illegible]
Three year	[illegible]
Four year	[illegible]
Five year	[illegible]
Seven year	[illegible]
10 year	[illegible]
30 year	[illegible]

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. March 27)

3 months U.S. dollars	
bid 10 11/16	offer 10 13/16

6 months U.S. dollars	
bid 10 15/16	offer 11 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Quiet trading

There was little activity in the London International Financial Futures Exchange yesterday in lacklustre trading. The number of contracts traded was well down from recent levels as the market awaited some clear trend. This will depend on today's U.S. trade figures, with estimates of a deficit of up to $11bn likely to dictate the market's mood.

Euro-dollar prices showed the most activity and opened easier after the result of the latest U.S. Treasury bill auction. Last night's seven-year auction was not expected to go well, leading to further downward pressure on futures prices. A lower Federal funds rate failed to provide any upward impetus, being dismissed as a technical move. Despite the lower opening, Euro-dollar prices moved higher during the morning on scattered buying to reach the day's highs ahead of the opening of U.S. markets. U.S. participation involved the selling of contracts for most of the afternoon and values finished around the day's lows.

The June Euro-dollar contract opened at 89.05, down from 89.13 and touched a high of 89.09 before finishing at 89.06.

Gilt values opened lower in sympathy with U.S. bond prices but improved later in the morning before trading in a narrow range. The June price opened at 109-10, down from 109-14 but recovered to close at 109-13, having touched a high of 109-14.

Short sterling opened slightly down from Tuesday's levels and finished the day slightly down. The June price started at 91.15 and traded in a four point spread before finishing at 91.13 down from 91.16.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	89.06	89.09	89.04	89.13
Sept	88.66	88.69	88.64	88.74
Dec	88.33	88.38	88.32	88.41
March	88.05	88.10	88.05	88.14
June	87.76	—	—	87.87

Volume 3,117 (4,641)
Previous day's open int 14,202 (14,370)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
June	91.13	91.16	91.12	91.16
Sept	90.90	90.93	90.89	90.95
Dec	90.69	90.70	90.68	90.72
March	90.52	—	—	90.55
June	90.33	—	—	90.36

Volume 404 (912)
Previous day's open int 7,570 (7,431)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	110-10	110-11	110-08	110-12
June	109-13	109-14	109-08	109-14
Sept	108-23	—	—	108-25
Dec	108-03	—	—	108-05
March	107-18	—	—	107-19

Volume 821 (1,715)
Previous day's open int 4,609 (4,245)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of June futures contract) 30 to 42 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.4505	1.4525	1.4482	1.4495
Sept	1.4558	—	—	1.4555

Volume 142 (507)
Previous day's open int 2,119 (2,033)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
June	0.3878	0.3887	0.3874	0.3914
Sept	0.3924	—	—	0.3960

Volume 141 (153)
Previous day's open int 569 (571)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
June	0.4687	0.4700	0.4687	0.4723
Sept	0.4766	—	—	0.4804

Volume 4 (14)
Previous day's open int 131 (127)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.4472	0.4492	0.4472	0.4512
Sept	0.4524	—	—	0.4564

Volume 18 (18)
Previous day's open int 198 (198)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	66-16	66-19	66-06	66-11
Sept	65-30	66-01	65-21	65-26
Dec	65-14	65-15	65-07	65-10
March	—	—	—	64-28
June	64-19	64-19	64-12	64-16
Sept	64-07	64-07	64-00	64-05
Dec	63-29	63-29	63-29	63-27
March	—	—	—	63-18

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	90.02	90.03	89.93	89.94
Sept	89.66	89.69	89.62	89.64
Dec	89.36	89.36	89.35	89.36
March	89.15	89.15	89.13	89.14
June	88.96	88.96	88.93	88.94
Sept	88.76	88.76	88.76	88.75
Dec	—	—	—	88.52

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	89.67	89.67	89.62	89.62
Sept	89.21	89.21	89.14	89.15
Dec	88.77	88.77	88.75	88.74

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	88.79	88.80	88.72	88.73
Sept	88.37	88.37	88.32	88.31
Dec	88.03	88.03	87.98	87.99
March	87.74	87.74	87.71	87.71
June	87.44	87.46	87.44	87.42

STERLING (IMM) Se per £

	Latest	High	Low	Prev
June	1.4540	1.4550	1.4495	1.4520
Sept	1.4600	1.4640	1.4550	1.4595
Dec	1.4680	1.4710	1.4640	1.4670
March	1.4780	1.4780	1.4715	1.4745

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	68-11	68-11	67-28	68-06
Sept	67-12	67-12	66-31	67-08
Dec	66-15	66-15	66-05	66-10
March	—	—	—	65-23
June	—	—	—	65-05
Sept	—	—	—	64-24
Dec	64-20	64-20	64-15	64-22
Dec	64-07	64-07	63-30	64-04

INTERNATIONAL CAPITAL MARKETS

Floating rate notes still out of favour

By Mary Ann Sieghart in London

THE FIRST new Eurodollar floating-rate note for two weeks was launched yesterday but failed to meet an enthusiastic reception. That suggests that the overhang of new issues in the FRN market remains large.

Banca Nazionale de Lavoro is raising $100m through a seven-year floater paying ⅛ per cent over the six-month London interbank offered rate (Libor) at par. The issue is led by Credit Suisse First Boston with Lehman Brothers Kuhn Loeb, Morgan Grenfell and the borrower itself.

Total front-end fees are 0.80 per cent, including a 0.12 special fee to the lead managers. Since the issue traded at a 0.80 per cent discount, that meant that co-managers were not breaking even.

BHF Bank bond average		
March 28		Previous
99.536		99.557
High	1983-84	Low
102.017		97.699

Eurofima, the European railway finance company, issued a $100m, seven-year bond late last night through Merrill Lynch. It has a 12½ per cent coupon at a price of 99½ and is non-callable. Eurofima's debt has just been rated triple-A by both *U.S. credit rating agencies.*

Sweden is raising SwFr 200m through a two-tranche public issue in the Swiss franc market. There is a SwFr 125m, 10-year bond with an indicated yield of 5¾ per cent, and a SwFr 75m FRN paying ¼ per cent over six-month Libor with 3¼ per cent minimum and 7½ per cent *maximum coupons. SBC is lead* manager.

Secondary markets in dollars, D-Marks and Swiss francs were all quiet, with prices closing unchanged.

● The West German Government is to tap the Frankfurt capital market through a tender offer in four-*year notes – the first such issue* since August.

The notes carry a coupon of 7½ per cent; the minimum bid price is due to be set today.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for March 28.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alaska Housing 11¾ 94	100	95	95½	0	–1	12.58
Australia Comm 11¼ 90	100	99⅛	99⅝	–0⅛	+0⅛	11.36
Australia Comm 11½ 95	300	93	93½	0	–0⅝	12.61
Australia Comm 11⅝ 98	100	93	93½	0	–0⅝	12.64
Australian Ind Dev 11 89	75	95⅛	95⅝	0	0	12.23
Bank of Tokyo 11⅞ 90	100	96⅛	96⅝	–0⅛	0	12.82
Beneficial O/S Fin 12 91	100	94	94½	–0⅛	–0⅜	13.31
Bristol Fin 11⅞ 90	125	95⅞	96⅜	–0⅛	0	12.77
Canada 10⅞ 88	500	96⅞	97⅜	0	+0⅝	11.68
E.C.C.E. 12⅝ 95	75	97	97½	0	+0⅜	13.07
Citicorp O/S 10¾ 90	100	90⅛	90⅝	0	+0⅛	12.68
D.N.C. 11¾ 91 WW	50	94⅝	95⅛	0	–0⅛	12.90
D.N.C. 11¾ 91 XW	50	93¾	94¼	–0⅛	–0⅛	13.11
Denmark Kingdom 12 91	100	95⅞	96⅛	–0⅛	0	12.90
Denmark Kingdom 12⅛ 93	100	97½	98	0	–0⅛	12.84
Dutch Mines 11⅝ 91	150	93⅝	94⅛	0	+0⅛	12.75
E.D.C. 11⅛ 89	150	95⅛	95⅝	–0⅛	+0⅜	12.35
E.E.C. 12 93	50	97½	98	0	+0⅛	12.38
E.I.B. 11½ 90	200	94½	95	–0⅛	–0⅛	12.68
Eksportfinans 11½ 90	100	93½	94	–0⅛	+0⅛	12.92
Gen Elec Credit 11 91 WW	200	93⅝	94⅛	–0⅛	–0⅛	12.36
GMAC O/S Fin 11⅞ 90	100	95⅞	96⅜	+0⅛	–0⅛	12.23
I.I.I. 12 88	100	96¾	97¼	0	+0⅛	12.85
Illinois Power 12½ 92	100†	95⅝	96⅛	–0⅛	+0⅛	13.37
Indust Bk Japan 11½ 89	125	95⅞	96⅜	–0⅛	+0⅛	12.59
Indust Bk Japan 11⅞ 91	100	95⅜	95⅞	–0⅛	+0⅛	12.77
Int Paper O/S Fin 12 91	75	97½	98	–0⅛	+0⅛	12.50
ITT Finance 11½ 89 WW	125	98⅝	99⅛	+0⅛	+0⅛	11.75
J.C. Penney 11⅞ 90	100	95⅝	96⅛	–0⅛	–0⅛	12.80
J.P. Morgan 11⅞ 90 WW	150	95½	96	–0⅛	0	12.34
L.T.C.B. 12½ 90	85	99	99½	0	+0⅛	12.63
Macy O/S 11¾ 91	100	95½	96	0	–0⅛	12.89
Mitsui Trust Fin 12 91	100	95⅝	96⅛	0	+0⅝	12.89
Ned Gasunie 11⅝ 91	75	93⅞	93⅞	–0⅛	0	12.88
Nippon Credit 11⅞ 90	100	95⅞	96⅜	–0⅛	+0⅛	12.74
Nippon Tele 11⅞ 90	100	97	97½	–0⅛	+0⅛	12.84

[illegible]

CONVERTIBLE BONDS (continued)	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Nippon Oil Co 3¾ 98	3/84	1852	109⅝	110⅝	+2	7.64
Nippon Oil Co 5½ 98	4/83	964	121⅜	122⅜	+3¾	7.98
Nissan Motor 5¾ 98	4/83	709	111	112	+0⅝	0.29
Olympus Optical 6¾ 97	12/82	1157	184⅝	186¼	+0⅝	13.51
Ono Pharm'cal Co 3¼ 98	3/84	9489	129⅛	131⅝	–3¼	2.13
Orient Leasing 5¼ 98	6/83	2680	152⅛	154⅛	+7½	2.87
Secom 5 98	11/83	2926	231½	233½	+5¾	1.44
Yamaichi Sec Co 5 98	8/83	449.5	123	124	+17	42.08
Yamanouchi Pharm'cal 4 90	10/83	1888	98⅛	99½	–0⅝	27.94
Nippon Airway 2⅝ 94 SF	2/84	354	100	102	–0⅝	–3.87
Nippon Shinpan Co 2.92 SF	3/84	881	99	100	–0½	3.09
Settsu Paper 2¼ 92 SF	4/84	677	98¼	98½	–0⅛	–1.45
Asics 5 92 DM	12/83	520	112	113	+1¼	24.41
Sun Realty 6¼ 92 DM	2/83	365	166	167	+10⅝	–1.19

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

OVER-THE-COUNTER *Nasdaq national market, 3pm prices*

Continued from Page 40

Stock	Sales (Hnds)	High	Low	Last	Chng
UBCole	151	18⅛	17¾	18⅛	+⅜
UnEdS	12	7¾	7¾	7¾	
UFnGrp	227	7¼	7	7	–⅛
UFstFd	177	17½	17⅛	17½	+⅛
UGrdn .04e	17	9¼	8¾	9¼	
UPres s	32	13	12⅝	12⅝	+⅛

[illegible]

FINANCIAL TIMES SURVEY
Friday March 30 1984

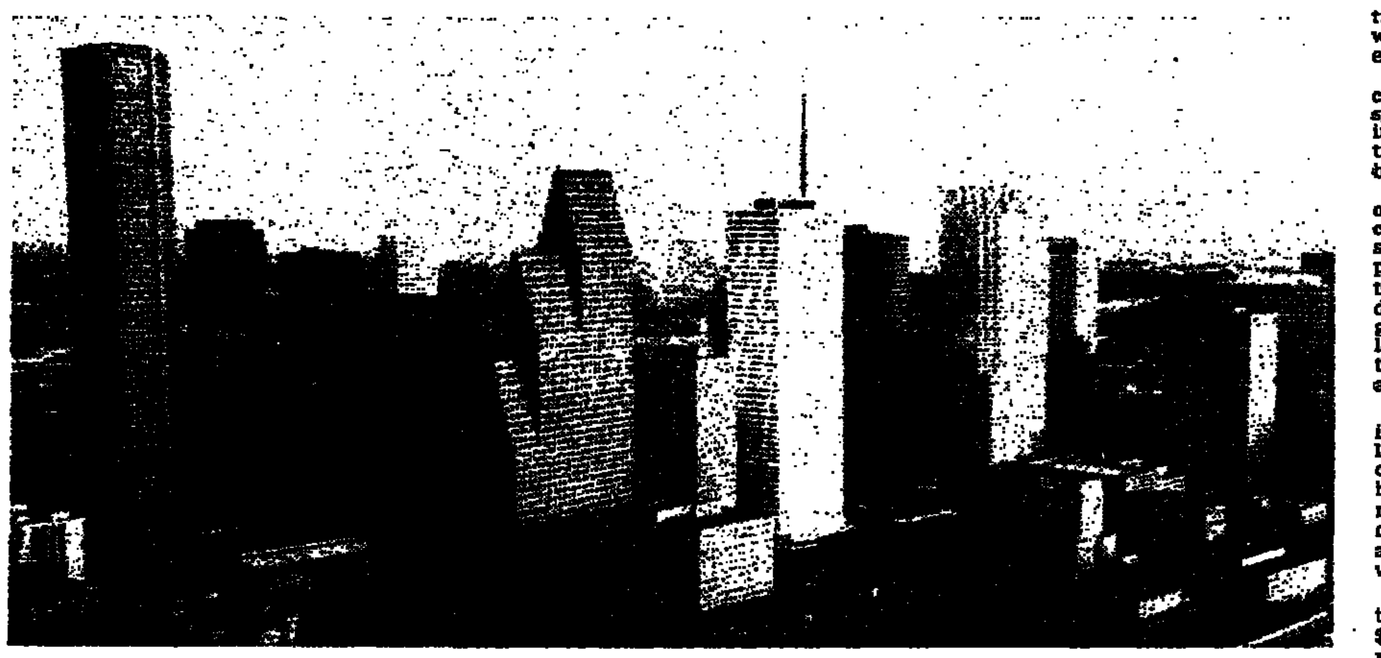
North American Real Estate

Property is back in fashion in North America. The danger is that, as in the late '60s and early '70s, the boom is being fuelled by investors rather than occupiers. A damaging space surplus could result

Back under the spotlight

BY MICHAEL CASSELL

THE NORTH American property market is as diverse as it is dynamic, as immense as it is inventive. The wealth it represents borders on the unimaginable and the resources and skills it consumes are incalculable.



Downtown Houston: spectacular skyline overshadowed by a huge space surplus

Above all, the property market which has built millions of acres of floorspace and engineered countless fortunes is also regarded as the bedrock of a nation whose strength lies in its political and economic stability.

Now, against a background of surging economic recovery, a property market which is so fragmented as to make generalisations a risky business can be said to be displaying a level-headed optimism for the future.

The return of confidence has been a gradual affair, with a previously weak economy exposing the property market's past inclination to build too much and to expect too high a price for it.

The recession brought widespread corporate retrenchment, playing havoc with market assumptions over future space requirements and rental growth and wrecking financial calculations predicted on fast returns and rapid growth.

Experiences differed widely. Some office markets, like those in New York and Los Angeles, escaped lightly. Others, such as Houston and Chicago, took the downturn on the chin and will need longer to climb back on their feet.

Some private developers, a powerful force in the U.S. property market, succumbed to the pressures and filed for bankruptcy or handed over their equity to institutional partners. Other major lenders, like Crocker National Bank, found themselves with massive property loan problems and embarrassingly high bad debt charges.

But most of the past problems have become a subject for occasional reflection. Property is back in fashion in a big way and the overriding preoccupation is with its potential rather than with any previous mistakes.

Favourable tax treatment, the poor relative showing of the stock exchange and the overwhelming flood of investment finance searching for a home has been pushing real estate back into the spotlight.

The reawakening of interest among investors—encouraged by comparatively good returns and the prospect of a fresh cycle of rental and capital growth—which was identified in 1983 has continued and expanded in the early part of 1984.

Low yields

The impact is already apparent, with prices for high quality properties being bid up, forcing a consequent reduction n the high yield levels which have long been associated with the American market. While in early 1983, prime office yields stood as high as 9-10 per cent, they have already fallen to 8 per cent or lower. In some cases, initial returns as low as 5 per cent are being accepted, on the assumption that rental income will quickly rise.

But it is the weight of finance now attempting to penetrate the market which represents the single most striking feature of the current marketplace. For not only is the current economic boom generating huge volumes of investment finance, the real prospect of higher inflation at the end of the current upturn is further enhancing property's appeal.

Already responding to the need to invest in assets providing a hedge against inflation, the pension funds and insurance companies are stepping up their real estate spending programmes. Their approach is likely to be reasonably cautious but, even so, their influence is enormous.

American institutional investment in property has traditionally been extremely low—in sharp contrast to European averages which can be as high as 25-30 per cent. There is no question, however, that the low, historic level of exposure has been mounting.

With America's largest institutions individually investing more in property in one year, for example, than all of the UK's major pension funds and insurance groups combined, the scale of their resources is clear.

Only last week, Equitable Life Assurance agreed to pay up to \$760m for a portfolio of 19 shopping centres, owned by General Growth Properties, one of the market's more spectacular casualties.

But the institutions are not alone. A potent force in the marketplace are the syndicators, taking full advantage of tax laws which effectively treat real estate as though it were a depressed industry in need of generous public subsidies.

The formation of limited partnerships to buy property on a highly-leveraged basis and to work a tax code, which permits generous write-offs and big depreciation deductions, to breaking point, has become a major feature of the investment market.

Last year alone, public and private syndicators were estimated to have put \$7.5bn into property, often pushing market prices beyond levels considered prudent by many of their competitors.

Syndicated investment could rise by a further 15 per cent this year and spending is running at levels which eclipse the budgets of the real estate investment trusts, whose influence has been completely overshadowed.

The syndicators — some of which are long-established and highly respectable—have come in for increasing criticism, not least because of their apparent readiness to pay arguably unrealistic prices, the heavy front-end fees charged and a general lack of experience in the property market.

George Peacock, senior vice president for real estate at Equitable Life, emphasises that the syndicators have so far confined themselves to the purchase of existing properties but says some could try development. He predicts trouble ahead: "It's just a matter of time before some of that junk, which is being sold to inexperienced investors, falls apart."

Other critics believe the crunch will come when some syndicators prove themselves incapable of managing properties, rather than simply adept at buying them.

Congress is currently working on tax reform proposals which could go some way towards restricting tax shelters and clipping the syndicators' wings. But they are not all solely tax-driven operations and the general view is that though legislative changes may slow their progress, the syndicators are not going to disappear.

To add to the competition for investments, the savings and loans associations, having recovered from the crisis which hit them when high interest rates exposed their dependence on fixed-rate mortgages, are also incraesingly keen on investing in commercial property.

The huge flow of cash to the thrift institutions—more than \$60bn in net new savings last year—is helping stimulate the housing sector's revival but the commercial property sector also beckons strongly. There is increasing evidence that the savings and loans organisations are prepared to offer fixed-rate loans on commercial projects and also ready to act as joint-venture partners, developers and even syndicators.

Currency fluctuations

To heighten competition for property investment still further, foreign investors, apparently largely undeterred by the strength of the dollar, remain a small but significant element in the market.

Many overseas buyers are now in a position to buy with dollars and, in any case, they seem happy to purchase on a dollar-averaging basis, accepting currency fluctuations as part of the price to be paid for a stake in the strongest real estate market in the world.

The major concern is that the mountain of funds will help create a damaging development boom. According to Leanne Lachman of the Real Estate Research Corporation in Chicago: "The availability of money is the prime factor. Supply and demand is secondary."

Simon Milde of Jones Lang Wootton in New York says rising prices do not seem to be deterring investors: "There is a colossal amount of money chasing investments which are going at historically very high prices. Even if the syndicators slow down, the institutions will step in."

The theme is repeated by Michael Williams of Coldwell Banker in New York: "There is no lack of money around but a serious shortage of properties. Competition to buy will force yields still lower this year."

So the danger is that, in a repeat of the late 1960s and early 1970s, an oversupply of new property will be created to fulfil the needs of investors rather than the requirements of occupiers. If the next year or two bring a real estate development boom, there will be cause for concern a little further down the road.

CONTENTS

Cautious return by fund managers

U.S. investment institutions

THERE IS a certain nervousness among the more solid members of the U.S. institutional investment community when the talk turns to real estate these days.

In America, as in other parts of the world, real estate has traditionally been a good inflation hedge but with inflation in the U.S. decelerating over the last 18 months the U.S. real estate market has been afflicted by an inflation bug of its very own which has sent prices soaring. There are tales aplenty of investors buying office properties and a few weeks later selling them at prices some 30 per cent higher. The question everyone *wants answered is* how long can this sort of speculative activity last.

Jones Lang Wootton says that the 1983 economic recovery, which combined accelerated growth rates with lower interest rates and a lower inflation rate, had effects on the market for investment properties that were not generally anticipated a year ago.

Fears that disinflation would reduce the attractiveness of real estate investment for institutional investors were not well-founded in 1983. Indeed, last year was characterised by too much money chasing too few properties—good news for those on the right side of transactions but it has left the impression that the U.S. real estate market is too over-heated for comfort.

The strength of the U.S. real estate market in 1983 surprised more cautious institutional investors. The equity market's buoyant performance was a powerful magnet for substantial sums of pension fund money which had originally been earmarked for real estate.

For example, Prudential Insurance, America's biggest insurance company, disclosed recently that during 1983 its real estate portfolio had shrunk slightly in value to $2.85bn while its mortgage lending had dropped 5 per cent to $13.9bn. By contrast, its bond portfolio rose by more than a fifth to *$23.4bn and its cash and liquid* investments were up two-thirds at $3.36bn.

Modest interest

Clearly, the mighty Prudential was not pouring huge sums of money into U.S. real estate last year and although there were signs that after abandoning the *market in* 1982 U.S. pension funds generally were moving back into real estate, the movement was not as brisk as some brokers would have liked.

Institutional Investor (II) in its latest survey of U.S. pension fund activity notes that "in spite of the recovery and the firming up of real estate prices in many recently soft markets, pension officers report only modest interest in sending new *money to real estate managers." Slightly more than 25 per cent* of the managers it polled had allocated up to 10 per cent of new funds to property investments. Two years ago, when market enthusiasm was higher, the figure was 38 per cent.

II's survey shows that two-thirds of the managers polled planned to put none of their new money into real estate. It says that many U.S. pension funds jumped into U.S. real estate in a big way over the past couple of years and now feel they are as heavily invested as they want to be, particularly since their expectations for equities are so high.

Jones Lang Wootton estimates that U.S. pension funds own only $28bn of real estate, or 4 per cent of the estimated $700bn commercial real estate market. In terms of their own portfolios real estate accounts for only 3 per cent of the investible funds of America's pension funds. This compares with 25 to 30 per cent in the case of European pension funds.

Over the last decade U.S. real estate as an investment has handsomely outperformed similar investments in the U.S. equity and corporate bond markets and shown gains well above the growth in the U.S. consumer price index. Average real estate prices in the U.S. for example, rose 55 per cent faster than consumer prices during the 1970s.

For these reasons U.S. institutional money managers are expected to increase their proportionate stake in the U.S. real estate industry. But as the last 12 months has shown, they have not been as aggressive as some people.

The two most aggressive sources of institutional financing for the U.S. real estate industry over the last year have been the savings and loans associations and the real estate syndicators. The former have returned from the brink of bankruptcy a couple of years *ago and* the latter have burst on to the scene as the suppliers of *one* of the most attractive forms of tax shelter for investors.

For the traditional investors in real estate the emergence of the aggressive real estate syndicators, who buy over-priced properties and then sell them *on* to wealthy individuals who can shelter their income from tax through all sorts of loopholes, are the industry's *bête-noire*.

Estimates of the amount of money going into real estate via syndications vary widely. Kenneth Leventhal, a Los Angeles-based accountancy firm *specialising in real estate, says* that public real estate syndications raised a record $4.75bn in 1983, close to two thirds up on the previous year's figure. Roughly the same amount is believed to have gone into private unpublicised deals.

According to 1984 projections, public real estate syndications could raise more in one year than the real estate investment trusts have done in aggregate. On Wall Street the talk is that for every dollar which used to go into the once popular oil and gas tax shelter deals two dollars are going into real estate syndications.

*The pursuit of real estate in*vestments for tax shelter purposes only has already been noted by the U.S. tax authorities and moves are afoot to clamp down on the excesses. The more conservative elements in the real estate industry, concerned about the inflation of property prices resulting from the syndicators activities, say that *it* is no longer a question of whether the tax authorities will pounce but when.

Kenneth Leventhal is predicting that there will soon be an industry shakeout which will separate credible syndicators and deals based on solid, long-term economic benefits from profiteers pushing deals which are solely tax shelter-orientated. This shakeout can come not too soon for investors like the big U.S. pension funds which have not been able to derive tax shelter benefits from their real estate investment and have been forced either to pay more than they should for property or stay out of the market altogether because of the way the real estate syndicators have been pushing up prices.

EST. SIZE OF US COMMERCIAL PROPERTY MARKET ($bn)

		% of total
Office	350	50
Shopping centres	224	32
Hotels	77	11
Industrial Props.	49	7
Total	700	

Source: Jones Lang Wootton Investment Research

EST. CAPITALISATION OF U.S. COMMERCIAL PROPERTY MARKET ($bn)

		% of total
Mortgage debt outstanding	238	34
Private	392	56
Institutional (Insurance)	42	6
U.S. pension funds	28	4
Total	700	

Source: Jones Lang Wootton Investment Research

Transaction

George Peacock of Equitable Life, who believes that there will be a shakeout in the industry, also notes that investors who rely on syndicators who know the real estate business and are not concerned solely with tax shelters have nothing to fear over the long run.

Despite Equitable's well-founded fears about overheating in some sectors of the U.S. real estate industry Equitable is one of the more active institutional investors in U.S. property. *Within the last few weeks* it agreed to pay $700m for 19 shopping centres across the U.S., totalling 8m sq ft.

The transaction is one of the largest in the industry and Equitable's explanation of its rationale gives a clue to the current strategic thinking of major U.S. real estate investors. The company says that with retail sales hitting record levels it is an extremely good time to be buying retail properties.

Equitable began investing in retail real estate in the 1970s and has had a good return on its investment. The latest acquisition increases its shop*ping* centre portfolio to 109 properties representing close to 50m sq ft. The group has a total of $20bn in U.S. real estate, of which some $9bn is equity.

The second factor which has increased the volume of institutional money moving into the U.S. real estate industry, has been the increased activity of the savings and loans associations, which have once again begun to offer new development projects with substantial sums of fixed rate financing.

Overheating

George Peacock is concerned by this trend because he fears that it might encourage developers to be less selective about new projects and could "cause an oversupply in some markets three or four years down the road."

The savings and loans, helped by the creation of new financing instruments such as collateralised mortgage obligations (CMOs), have been able to raise much more money to lend into the real estate market. Olympia and York's recent $970m refinancing of three Manhattan office buildings gives an indication of the appetite of the savings and loans.

Salomon Brothers sold the floating rate mortgage on the three properties in the form of floating rate notes to more than 40 investors, most of which were savings and loans. Financial Corporation of America's (FCA) American Savings and Loan took $850m on its own.

Aside from the savings and loans, U.S. commercial banks have also been active lenders on real estate over the past 12 months, mainly because corporate loan demand has been sluggish and the uncertainty about international lending has encouraged the major U.S. money centre banks to look for safer havens for their funds closer to home.

Against this background of plentiful sources of finance a speculative rise in prices in some sectors and the likelihood of Government action to curb the activities of tax shelter investors in U.S. real estate, institutional investors approach the current year in an uncertain mood.

Over the longer term there are good arguments why the pension funds in particular should diversify their holdings more heavily into U.S. real estate. On the other hand, the reduction in U.S. inflation means that real estate is not going to be as good a hedge against inflation as it has been in the past decade.

William Hall

Standard and variety of shops unrivalled

U.S. retailing

IF THE art of retailing has been perfected anywhere, then it must be in the U.S. The standard and variety of shopping facilities is unrivalled and most American shoppers—though they may not appreciate it—are quite simply spoiled.

Not every city has a Galleria like Houston, a Water Tower *Place like Chicago or a Trump* Tower like New York but, equally, some have more than their fair share. America has pioneered the development of quality, convenience shopping and the trends which it champions today will invariably catch on around the world tomorrow.

The rate and pace of retail expansion may not today be anywhere close to the levels achieved during the 1970s but the recently strong performance of retail sales across the U.S. seems set to stimulate another phase of fresh growth and development. Last year, general merchandise sales grew at their highest rate for five years, following a fairly flat four-year period.

Responding to sharply rising sales, retailers and developers are striving to find a niche in an increasingly specialised market and to serve customers which may not previously have been isolated and identified. This is leading to the renaissance of downtown and inner-city retailing, along with the rapid development of speciality centres and urban regional malls.

The development of new shopping centres has been running at comparatively modest levels for the last few years. The Real Estate Research Corporation of Chicago reckons *that up to 1,000 shopping* centres a year were being completed during the peak of the retail development boom in the 1970s but that the figure is now down to around 300.

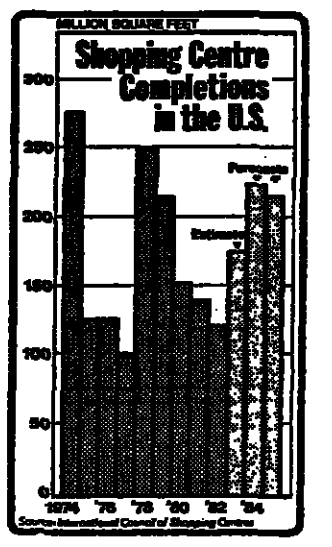
Better balance

According to RERC, this means that supply and demand have again moved into better balance. "Take, for example, some of the larger centres built in suburban locations in anticipation of continued residential growth. Their performance was disappointing after housing starts dropped in the early 1980s and their expected markets did not materialise quickly.

"Now that several years have elapsed, *most of those centres* are taking hold."

Richard Ellis, in its latest report on U.S. real estate, says any fresh wave of development will be limited: "Regional centres will continue to be planned and built but in extremely small numbers as compared to the late 1960s and 1970s. The sizes of the centres will be smaller and they will be located in smaller communities or on the edge of cities with a projected high growth rate."

Almost everyone agrees that a growing proportion of future retail development will involve the modernisation of existing *facilities. In the opinion of* the RERC, around half of all current work entails rehabilitation, not least because it can now take seven or eight years in many centres to achieve zoning for major new shopping projects.



RERC has pointed out for five years that some of the greatest retail investment opportunities involve buying well-located but older and somewhat obsolete centres and remodelling and reshaping the tenant mix. "In 1981 and 1982, roughly half of the gross leasable area of retail space added nationwide was expansion of existing centres. In that period, two and a half times as much space was added to existing facilities as in the previous two years. The intense focus on expansion is even clearer when you realise that total leasable space constructed in 1981-82 was down from 41 per cent from the prior two years."

In particular, many of the regional malls built in the late 1950s and early 1960s are being upgraded. For example, the Topanga Plaza complex in West Fernando Valley is undergoing a major transformation while the 163rd Street Mall in Miami has been enclosed and re-tenanted.

According to Coldwell Banker, one principal reason for the rehabilitation trend is a dramatic change in the ownership of shopping centres. They say the rapid development of enclosed malls was primarily by owner-developers. "entrepreneurs with pride in their centres."

But, by the late 1970s, changes had occured. For many of the original owners, depreciation was exhausted, land values had shot up and the cost of borrowing money had hit record levels. As a result, large financial institutions, pension funds and a number of overseas investors were becoming interested in the potential offered by shopping centres and moved *in to acquire them.*

The recent resurgence in retail sales, combined with the general oversupply of office space, has started to re-establish shopping centres as a favourite investment vehicle for institutions and syndicators.

No discussion of retail property is complete without reference to the off-price centres now springing up around the nation.

Started in the late 1970s as a direct outlet for manufacturers, off-price chain stores and malls are mushrooming in suburban as well as town centre sites. selling at discounts of up to 30 per cent but concentrating on quality products for middle and upper-income consumers, the centres represent a major challenge to the department stores and it remains to be seen if and how they fight back.

Michael Cassell

NORTH AMERICAN REAL ESTATE III

Strong interest in top class locations

THERE IS a temptation for the outsider to imagine that foreign *investors in North American* real estate are a powerful force in the land. The reality is that, given the scale of the property market and the sheer volume of domestic investment funds available, overseas involvement remains an interesting but comparatively insignificant element in the overall picture.

A recent survey suggested that U.S. public and corporate pension funds alone intended to invest up to $15bn in real estate equities over the next three years and that they will *also* undertake an *increasing* volume of direct investment in order to boost their historically low exposure to the property sector.

Individual investment transactions on the part of foreigners may tend to create considerable interest back home, but ask an American real estate man about the influence of overseas interests in the marketplace and the answer will usually involve a polite acceptance of their presence and an equally polite dismissal of their importance.

But, however they are regarded in the eyes of local real estate practitioners, increasing numbers of overseas investors have identified North America as a property market which they simply cannot afford to ignore.

The reasons are straightforward enough. Investment in North American real estate means portfolio diversification, offers the prospect of higher returns and, above all, provides a *foothold* in a *nation* widely perceived as the last real bastion of political and economic stability.

Real estate is essentially a long-term business, offering a longer-term investment and there is little evidence to suggest that foreign investors have adopted any other approach to the North American market. The recent strength of the dollar might have been seen as a signal for a widespread retreat on the part of potential overseas buyers but the signs are that foreign exchange fluctuations, however significant, have not deflected investors from their objectives.

Most foreign investors appreciate that there can be higher risks, as well as higher returns, involved and they have generally attempted to minimise those risks by buying in major cities and concentrating on prime opportunities.

Stephen Banker of Gronich and Co., the New York brokers, says that foreign investment activity has become significant only in the sense that it has concentrated on the best property: "Overseas buyers are not going to squeeze out the local investors but they are putting substantial sums of money into high-class locations. They seem to go for quality."

South La Salle Street, Chicago. American Property Trust made $28m on it in two years.

Most attention has so far concentrated on obvious centres like New York, Chicago, Los Angeles and San Francisco but, given the strength of investment competition, potential purchasers are now studying second-line locations like Boston, Philadelphia, Phoenix and Tampa.

The real danger, however, is that the more adventurous the investor becomes in terms of location, the greater the risk of mistakes. According to Dennis *Kavanagh* of Jones Lang Wootton in Houston: "Foreigners came here and totally misunderstood the local market. They saw buildings being leased to big companies and saw no problems in doing *the same*.

Foreign investment

"But they failed to appreciate that many of these new, large space-users involved operations which had been assembled exclusively to work on specific, energy-related contracts. They signed short leases, with break clauses, and when their work was done, they disbanded, leaving the floorspace behind them. We call them contract leases, but some foreigners didn't begin to understand what sort of tenant market they faced."

There is also the wider suspicion that many potential investors from overseas are prepared to pay silly prices for property, partially a reflection of their ignorance of local market conditions and partially an indication of their determination to participate.

The key to sensible investment decisions must lie in the quality of the advice provided, particularly *vital* where the investor has no direct representation on the doorstep, as is the case with many of the property unit trusts established to invest in U.S. property.

The unit trusts *forms* only one option in the range of investment vehicles now offered to *non-domestic investors*, though some of them have amassed sizeable portfolios.

The UK pension funds have been particularly active, if characteristically secretive, but a whole generation of comingled funds, investment partnerships and investment trusts have been established to to attract and then channel overseas finance into North American property.

Organisations like Banque Indosuez *of France*, Sarakreek of Holland, Investcorp of Bahrain and Lhendorff of West Germany may have adopted widely differing techniques to meet investor requirements, but the objective is the same. Some American syndicators, like Investment Mortgage International of San Francisco, have already come to Europe to pick up the funds for themselves.

The prime sources of foreign investment interest from Europe have been the UK, Holland and West Germany. Middle East investors, many of them private individuals, have also become increasingly active, as have buyers from the Far East.

But perhaps the front-line in real estate investment is held by the direct developers, who are prepared to take their skills and compete head-on with experienced and highly competent locals. For the most part, their approach has been sensible and their commitment modest.

The first principal, for those who are making a go of it, appears to have been a readiness to look, listen and learn and not to imagine they can tell North America much that it doesn't already know about the property game.

M. C.

PROFILE: AMERICAN PROPERTY TRUST

Building up the stakes of UK pension funds

AMERICAN PROPERTY *TRUST* has emerged as one of the largest and most active investment vehicles for UK pension funds seeking a stake in U.S. real estate.

With assets of around $250m, APT holds and manages a *widely-based* portfolio of properties on behalf of some of Britain's biggest corporate pension funds, like those for British Steel, the Electricity Council, Rank Xerox, Imperial Chemical Industries, Reed International, the Post Office and Powell Duffryn.

The trust's activities are supervised in the U.S. by UK-American Properties, a wholly-owned subsidiary, *which has six directors, three* drawn from independent sources in the U.S. and three more from the UK committee of management. Sole adviser to the fund is Richard Ellis and the portfolio manager is Graham Bond, an *Ellis* partner.

APT started life in the mid-1970s as an open-ended, comingled fund and had about seven initial participants, a number which has swollen to 49 *since* Ellis *took over* management responsibility from Citizens and Southern Bank of Atlanta in 1978.

Emphasis

At that time, the emphasis was on smaller properties in and around the south-east corner of the U.S. but Ellis set out to change the focus and spread the investment base. The intention also was to become less dependent on small, management intensive buildings and to concentrate more on larger, single investment properties.

The fund has recently sold off the last of its neighbourhood shopping centres and its small office properties, although it has retained and added to its warehousing investments. It likes the idea of more regional shopping centres — which offer a greater monopoly situation—and is on the lookout for schemes of 600,000 sq ft-700,000 sq ft upwards around the country. It already owns one major retail centre on the West Coast.

APT now owns properties as far apart as Atlanta, Dallas, Houston, Washington, Chicago, Denver, Los Angeles and Kansas City and its acquisition philosophy has enabled it to buy what Mr Bond describes as "shiny new ones" as well as older properties which provide an opportunity to enhance values.

Mr Bond emphasises, however, that every property has to be in a prime location before the fund will look at it. The price range for new acquisitions is anything between $30m and $90m.

APT acquires existing debt where it can, in order to create leverage, but the emphasis has increasingly been on an all-cash basis. The fund is geared more towards a capital gain rather than income stream, which means cash returns can be relatively modest while values improve as a result of APT's own management expertise.

This year has already been a busy one. In January, the fund announced that it had paid between $45m and $50m for Three Penn Center Plaza in Philadelphia, a 501,000 sq ft office building owned by JMB, one of America's biggest syndicators. Substantial improvements are planned.

At the same time, APT said that it sold 208 South La Salle Street, an 850,000 sq ft office building in Chicago which it had only acquired two years before. APT had no intention of selling so soon but another syndicator offered $75m for the property, against the $47m paid for it two years earlier.

Mr Bond admits that the portfolio is "not without its wrinkles" but that ways of ironing them out are being pursued. He says that while, for some of the fund's investors, APT represents their principal foothold in U.S. property, others have several alternative investment channels.

"But many potential investors do not have many options open to them. Either they use someone like us or they simply cannot get *into* what is a highly competitive and complex market."

APT is just closing on its latest issue of units, sponsored by County Bank and Lehman Brothers Kuhn Loeb. It expects to have raised another $20m-$30m.

M. C.

INDUSTRIAL SPACE SALES AND LEASING ACTIVITY IN SELECTED UNITED STATES CITIES

(in millions of sq ft)

	1982	1983	% change
Northeast Region			
Boston	4.4	4.5	+ 2
Northern and Central New Jersey	13.7	17.1	+ 25
Philadelphia	9.7	11.5	+ 19
Midwest Region			
Chicago	14.1	19.0	+ 35
Cincinnati	1.8	2.6	+ 44
Minneapolis/St Paul	4.0	7.4	+ 85
Southeast Region			
Atlanta	5.0	10.6	+112
Tampa	3.8	5.5	+ 45
Southwest Region			
Denver	4.4	6.4	+ 45
Houston	8.0	8.5	+ 6
Phoenix	3.8	4.2	+ 11
Pacific Region			
Los Angeles/ Orange Counties	29.4	38.2	+ 30
Portland	2.7	3.5	+ 30

Note: Includes buildings of 10,000 sq ft and larger

Source: Coldwell Banker Commercial Real Estate Services

Undergoing change

MORE fundamental changes are occurring in U.S. industrial real estate development than in any other area of commercial land use.

Sizes of buildings are changing, locations are changing and uses are changing. As recently as 10 years ago, the definition of industrial real estate was quite clear—warehousing, distribution, wholesaling and manufacturing floorspace—and it displayed characteristics which set it apart from other forms of commercial property.

Today, that distinction has become blurred and many traditional "industrial" operations are carried out in accommodation which has much more in common with the office sector than the traditional *industrial* facility.

According to the Real Estate Research Corporation: "It is increasingly difficult in suburban business parks to determine exactly what is industrial and what is not.

"For a wide range of companies, the lower cost and flexible nature of one and two storey, quasi-industrial buildings prove extremely attractive. Building codes are much less stringent for industrial buildings, so developers can build *to industrial* specifications, have the property inspected, and then do the tenant finishes for office use."

Today, a single business park can be home to retailing, training, sales and headquarters operations as well as to laboratory, warehousing, distribution, wholesaling and assembly facilities.

The evolution of the industrial-office hybrid—known *around the world as "high tech"* —has become a hallmark of the U.S. industrial property sector and an innovation which developers everywhere have started to imitate.

As costs for office accommodation have risen, so many tenants have sought cheaper alternatives capable of providing most of the features found in quality office accommodation. Many companies, particularly young and growing ones, make a point of seeking flexible space which is capable of responding to their expansion.

Industrial property

The U.S. industrial market has been having a tough time because of weak demand and surplus space and it is significant that the "high tech" sector not only fared best during the recession but now shows the greatest potential for recovery.

The swollen supply of floorspace which overhung the market in 1982 and 1983 resulted in the virtual suspension of new speculative schemes involving traditional manufacturing and distribution buildings. Many of the projects which did break ground were pre-leased to major companies committed to long-term business development programmes. Only "high tech" maintained *some* momentum.

By the autumn of last year, estimates suggested that average vacancy rates for industrial accommodation in 20 of America's largest cities reached *just over* 5 per cent.

There are signs, however, that the economic upturn is beginning to have a significant impact on demand. Some improvement in take-up was recorded during 1983 in most of the nation's major metropolitan areas. But while the outlook appears more optimistic, any recovery is likely to be gradual.

But there is considerable optmism that the worst is over.

Growing demand for "high tech" space, combined with restricted supply, could lead to average rental increases of between 10 per cent and 15 per cent during 1984 while the view is that warehouse rents—after falling in 1983—will generally rebound by anything up to 20 per cent in the strongest markets.

Only rents for traditional manufacturing facilities seem likely to remain unchanged.

For some installations, demolition will be the only answer, whereas others will lend themselves to renovation. For example, former U.S. Steel plants and Chrysler car works in southern California are being redeveloped as multi-use commercial centres, while several of Boston's old mills are being *converted* to research and development and office use.

M. C.

NORTH AMERICAN REAL ESTATE IV

On this page and the next FT writers examine six top U.S. markets

Healthy market a long way off

Houston

MOST U.S. office markets of any consequence would be more than happy with an annual absorption rate of between 8m and 9m sq ft. But most office markets are not Houston.

For although the absorption rate in America's oil and petrochemical capital is running at that level—and rising—the extent of the city's oversupply means that the return of a balanced, healthy market remains a long way off.

In addition, estimates by Richard Ellis suggest that, in terms of net absorption, the amount of office floorspace taken up in 1983 was only 3m sq ft, down by more than 50 per cent from the previous year. The huge gap between total *leasing activity and net take-up* resulted from tenants shopping the market to consolidate their operations, to upgrade location and to take advantage of a weak market by striking better leasing arrangements.

Although it is difficult to draw together conclusive figures for such a fragmented market, the likelihood is that Houston now has something between 35m-40m sq ft of empty office floorspace.

The massive oversupply was the direct result of the city's phenomenal economic growth during the 1970s, brought to an abrupt and painful end by the worldwide oil glut and overall fall in U.S. energy demand.

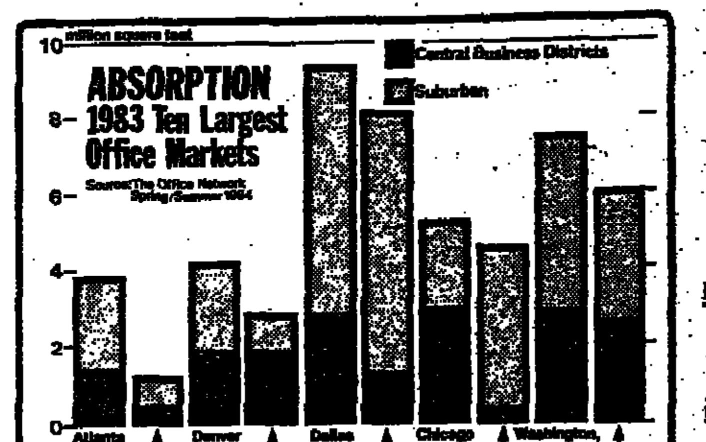
Houston's total existing stock of office floorspace is put at 136m sq ft by Coldwell Banker, with about 36m sq ft of the total located downtown. By the end of 1983 the downtown vacancy rate stood at around 13 per cent, and is likely to peak at a little *under 20 per cent later this* year, while in some suburban markets the rate is up to 30 per cent.

Downtown rents now stand at around $20-$26 a square foot for prime space, against $30 a square foot at the peak, while suburban rentals stand between $12 and $18 a square foot.

But in a market where the real position is sometimes hard to define, free rental periods remain well in evidence, often exceeding 20 per cent of the total term of the lease.

David Gruber, president of MEPC American Properties, which owns two office schemes in Houston and is planning a joint venture development once the climate is right, says that take-up this year is likely to be *around 8m sq ft, only half* it was in 1981.

"Some locations, like West Chase, are disaster areas because developers went over *the top and built irrespective* of demand or tenant needs. Owners of some buildings will practically give them away to get people in. Rent-free periods run for years and rents can be fixed for up to 10 years. But at least the signs are that the market has bottomed out."



Solid

Michael Birnie of Coldwell Banker also believes the picture is improving, though he accepts that the market will take some time to recuperate. "There is a very steady reduction in vacant space in best quality properties and a good sign is that investors are again becom*ing interested. Some bad* properties will be empty for a long time, whereas once they would have gone overnight."

Denis Kavanagh of Jones Lang Wootton believes the downtown district represents the most solid market. "The last part of 1983 saw a surprising increase in take-up and most prime buildings are fairly full. It is the sheer oversupply which is distorting the picture so badly."

Kavanagh is among the local observers who believe that if take-up rates continue at present levels, then the market will tighten considerably by 1986 because of the current reduction in new development activity. "Concessions will be cut and developers are already *starting to hold their ground.*"

When the Houston market turned sour, developers postponed projects accounting for about 25m sq ft of new office space. *Coldwell Banker says* that most of them remain on the drawing board and will eventually be resurrected. In *the meantime, the lull in development* activity is precisely what Houston needs.

Michael Cassell

Retail centre highly active

San Francisco

SAN FRANCISCO, the city by the sea which tops the popularity polls with foreign visitors and *foreign investors* alike, is perking up on the property front.

A critical shortage of space in the central business district *in the three years* up until 1982 saw prime office rents more than double and triggered off a fresh wave of new development activity.

But the new space coincided with the arrival of a softer economy and the decision by some traditional city occupiers to relocate to less expensive areas. Rents fell back from their $45 a sq ft peak and the market slowed down.

Last year, however, demand once again began to increase, vacancy levels fell and rents firmed up. Tenants taking full floors in prime buildings can now expect to pay rents in the high $30s—low $40s.

Few people doubt that San Francisco's status as the western regional financial centre of the U.S. and its rôle as an international trade centre will not continue or that demand for commercial accommodation will expand.

Knowlton Realty, the Canadian agents with offices in San Francisco, calculate that downtown San Francisco has a 5.5 per cent vacancy rate calculated on a total office stock of nearly 29m sq ft.

The agents suggest that, with demand averaging about 1.8m sq ft annually over the past five years, the supply of available space represents slightly less than one year's supply.

Knowlton also forecasts that, given a continuation of current take-up rates, new supply in the pipeline will *fall short of demand and that* the end of 1985 will see a downtown surplus of only 240,000 sq ft. Beyond that date, however, projected new floorspace will push vacancy rates back up to around 5 per cent.

Richard Ellis also identifies a closing gap between supply and demand: "Environmental restrictions and the scarcity of developable land will continue to limit development activity. In the short term, the improving economy should lead to absorption of available office space, while a new round of rent increases is likely in the longer term due to slow development of additional space."

Bob Beeney of Jones Lang Wootton says the formulation of a new downtown office development plan by the city planning department has finally removed some of the uncertainties surrounding development opportunities in the city.

Uncertainty

"The new blueprint will clear the air after a long period of uncertainty. The proposals, which will allow the transfer of development rights from some historic buildings to other properties, is seen as a positive indicator of what can be done and what will be permitted." Most expansion will now have to come south of Market Street.

Beeney says that overseas investment interest in the local property markets remains high, with Arab funds backing developments in prime locations like California Street and European funds competing for "flagship" buildings. Interest on the part of Canadian and Chinese investors, he notes, has slowed down.

The retail sector could provide some excellent investment opportunities. The city's downtown retailing district has become one of the most active and highest-priced markets in the U.S., with around 5m sq ft of selling space and rents up to $110 a sq ft.

Elsewhere in the Bay Area, several new shopping malls are at the planning stage, despite the planning problems which seem ever-present in this part of the country. Planning difficulties mean that refurbishment of existing retail centres is likely to become increasingly common.

M. C.

Recovery in full swing

CHICAGO's notorious winds bit deep during the U.S. recession, provoking widespread corporate retrenchment, pushing unemployment up beyond the national average and creating a massive over-supply of commercial floor space.

In 1982 the downtown office market absorbed around 1.6m sq ft of office space, compared with a historic take-up rate of between 2.3m sq ft-3m sq ft. Confidence hit a new low when Chicago-based Real Estate Research Corporation suggested there was enough downtown office space available to meet normal requirements for the next 11 years.

There was no disputing the market was in a poor way, even if the extent of the crisis was arguable, but now most observers believe that the recovery which first showed itself towards the end of 1983 is in full swing.

Len Adams of Richard Ellis in Chicago says that the worst is certainly over and that the huge over-supply has become "more manageable." A number of major buildings in which tenants had shown little interest have already moved into the 40-60 per cent leased-up bracket, he says.

The improvement in the local economic climate reflected an upturn in fortunes for many of Chicago's traditional, basic industries, including agricultural machinery and machine tools. At the same time, the growth of the city's financial and professional services helped stimulate fresh demand for downtown accommodation.

Most improvements in office demand last year came from the financial sector, notably the expanding Chicago Mercantile Exchange and affiliated organisations, companies associated with the AT & T break-up, law firms and accounting firms.

Chicago

Gary Beban, regional manager for Coldwell Banker, agrees that the outlook is improving: "Of the total downtown stock of around 82m sq ft, we calculate that about 6m sq ft is now available. That implies a supply of between two and three years, given past rates of absorption.

"The market, therefore, still has problems but it is picking up quite strongly and we expect a further improvement on the 2.3m sq ft take-up rate achieved last year."

But although space take-up was considerably higher, so was the supply of new accommodation. By the year-end, the vacancy rate for downtown office space had risen from 8.25 per cent in January to 11.25 per cent.

Out in the suburban office markets, which play an increasingly important role in Chicago's total commercial real estate inventory, 1983 was an encouraging year, with absorption passing a record 3.5m sq ft —more than 50 per cent greater than the rate recorded downtown and the first time the suburbs have outperformed the central business district since 1981.

Much of the space was taken in big blocks by companies involved in telecommunications, business services, computer and other technology-related industries.

The suburban areas have achieved enormous growth in recent years—with locations like Oak Brook to the west almost completely built out — because of lower accommodation costs and environmental advantages. Despite the large volumes of available space, the supply of prime accommodation is becoming restricted and *much of the 4m sq ft of new* suburban office space in the pipeline is being developed to the highest standards, invariably by institutional investors.

Downtown, where concessions have played a major role in the lettings market and effective rents hover around $20 a sq ft, there are several major development schemes proposed, some of which will help the continued expansion of the original "loop" office market.

Oxford Group, the Canadian developer, is planning a 1m sq ft-plus scheme on Dearborn, north of the Chicago river in a "pioneer" location, although it has a lead tenant lined up.

Mobil plans a 2m sq ft project between Dearborn and State, Tishman Midwest is set to start on a scheme which could prove up to 2m sq ft west of the River on the site of the Northwestern railway terminal and local developer John Buck plans a major office scheme on La Salle Street.

According to Beban: "The outlook is more encouraging than for several years, though we would like to see another year's absorption before all these new schemes got underway."

M. C.

All set for expansion

PROPERTY MARKETS in *the* Los Angeles region have remained among the strongest in the U.S. and now appear to offer some of the greatest potential for growth.

Apparently oblivious to many of the recessionary problems which have stifled real estate activity in most major towns and cities around the country, *America's second largest* conurbation has defied the chilly economic climate and remained generally fit and well.

A decentralised sprawl, extending 100 miles from east to west and running about 50 miles from north to south, the region embraces Los Angeles and Orange counties and the urbanised sections of Ventura, San Bernardino and Riverside countries. With a population of around 12m, the area supports a large and highly diversified economic base, dominated by the high-technology and service sectors.

Many of the businesses operating within the region have proved resilient to the recession which hit more traditional manufacturing centres. As a result, the real estate sector has escaped comparatively lightly.

A recent report by Julien Studley, the U.S. brokers, said that office leasing in Los Angeles passed the 9m sq ft mark for the first time during *1983. The three greatest areas* of letting activity were the downtown district (2.2m sq ft), the airport area (1.4m sq ft) and Westwood-West Los Angeles (*1.4m* sq ft).

The natural hub for such a diverse and widely spread market is the downtown area, which lost its identity during the 1960s as the conurbation spread but which has now made an aggressive and apparently complete comeback.

Grubb & Ellis, the commercial brokers, reckon that demand for office space in the downtown area will, in the next 12 to 18 months, reach its highest levels since 1979. With vacancy rates down into single figures, current absorption levels mean that most first-class office accommodation will be filled over that period. The outlook for some other local markets, notably on the westside, is less encouraging because of overbuilding and weaker demand.

Los Angeles

Tim Mason, of Jones Lang Wootton in Los Angeles, says that the downtown revival is still strong, with a vacancy rate only one-third of the levels being recorded in some other outlying markets. Rents range from around $22 a sq ft to $30 in existing buildings and up to $35 a sq ft in new properties and although Mason does not expect any significant growth this year, he believes they could reach $40 a sq ft by early 1986.

Recent low levels of new development suggests that the downtown market will be tight during the remainder of this year and into 1985.

Among major schemes proposed are two which will ultimately add over 6m sq ft to the total downtown office stock. California Plaza, one of the *largest property projects* in North America, will cover 11 acres of Bunker Hill and include 3.5m sq ft of office accommodation. The first phase is due for completion in 1986 and Metropolitan Life and Cadillac Fairview are the developers.

The Oxford Group is behind Citicorp Plaza, the first 900,000 sq ft phase of which is largely pre-let to Citicorp and other identified tenants. The overall scheme will provide 3m sq ft of office space and there will also *be two new department stores.*

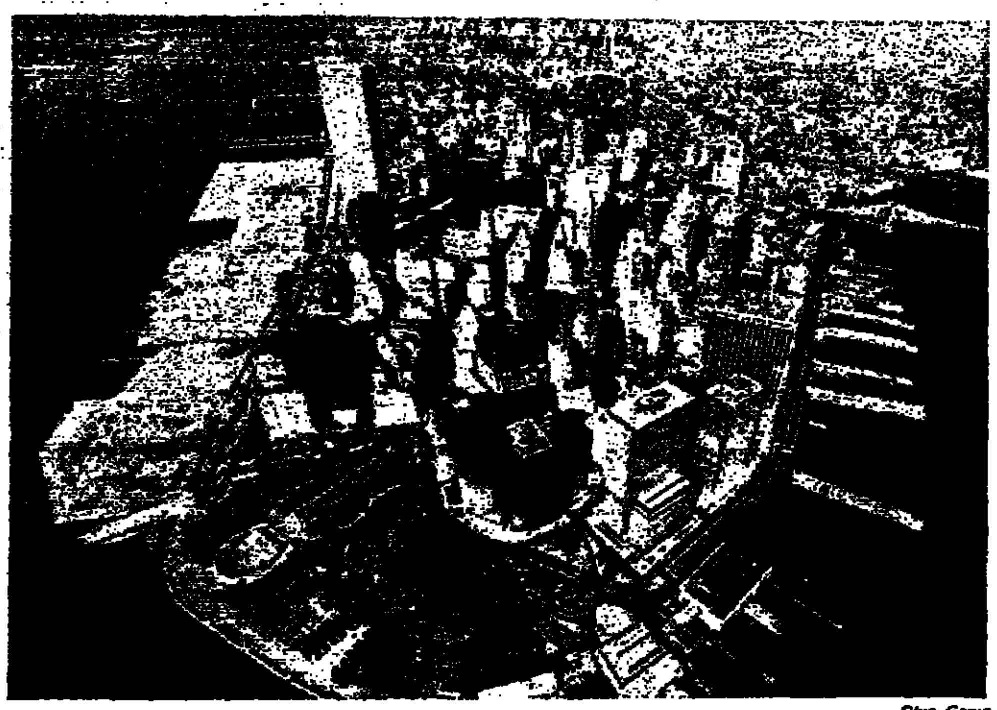
The downtown office investment market remains very strong, with aggressive competition reported for any prime acquisitions. Properties in the $20-$50m range scarcely hit the market and, in a distinctly European trend, buyers are prepared to purchase on an income flow basis at initial yields of under 5 per cent.

Foreign investment interest is high, although the awaited Japanese "invasion" has been slow to materialise. Some of the UK's biggest pension funds have direct or jointly-held interests in a number of major properties and one or two UK developers have also made it into town.

Gerald Ronson has completed and is letting the refurbishment of Heron House, the 220,000 square feet office building on West Sixth Street, while French Kier Developments has pre-let 17,250 square feet of office space in its La Colonnade retail-office scheme in Beverley Hills to *Merrill Lynch.* Cheshire Gibson and local associate Fowler Investments acted for French Kier.

M. C.

NORTH AMERICAN REAL ESTATE V



Olyn Geenn

Downtown Manhattan: big swings in the supply/demand cycle in office property have brought periods of rapid growth and frustrating stagnation

How Manhattan sprung another surprise

New York

ANYONE WHO, for one moment, doubts the Manhattan office market's inherent strength and capacity to surprise need look no further than the 92 acres of reclaimed, downtown land lying in the shadow of the World Trade Centre.

When Olympia and York revealed, in early 1981, final design proposals for its plan to develop 6m sq ft net of office floorspace on the site, New York real estate men grimaced and wished the adventurous Canadians the best of luck. Manhattan was a voracious consumer of office space but perhaps this was asking too much.

Three years later, the first elements of the imaginative, Cesar Pelli-designed project are standing high above the ground and the World Financial Centre is fast taking shape.

Already, several major tenants are lined up and any lingering doubts about the scheme's success have been swept away with news that Merrill Lynch is lined up for what must be one of the single biggest office lettings on record.

Initial suggestions were that the firm might be taking up to 2.5m sq ft in the scheme but it now appears that they could sign up for as much as 4m sq ft. If the deal goes through, Olympia and York's gamble will have paid off (though much will depend on the terms of any agreement) and Manhattan will again have proved its detractors wrong.

The island's office market has traditionally been as volatile as it has become valuable. Big swings in the demand-supply cycle have brought periods of rapid growth—rents rose threefold in the five years up until the end of 1981—and frustrating stagnation.

The market as a whole comprises the world's largest concentration of office space, with around 250m sq ft of floorspace. Changes in assessing rentable square footage has apparently put the statistical figure up to 300m sq ft.

Two-thirds of the space is located in the midtown area, with the balance downtown. In the past, the two markets have invariably performed differently and, in contrast to the City—West End relationship in London, it is the midtown area rather than the financial district which has fared better and become the more costly location.

Differentials

An interesting trend, however, has been a clear narrowing of rental differentials between the two markets. Today, prime midtown rents for sizeable space stand at around $50 a square foot compared to $40-$45 a square foot downtown. According to John White of Landauer Associates, the differential at one stage reached $15 a square foot but is now at one of its lowest-ever points. At least part of the reason is the rapid growth of New York's financial services sector which has given the downtown market a fresh lease of life and created new levels of demand for acommodation.

Overall vacancy rates in Manhattan are now estimated to stand at around 4-5 per cent, compared with peaks as high as 13-15 per cent. The prospect is that, if anything, the rate will fall further as the economic recovery stimulates demand.

With oversupply limited and Manhattan's absorption rate likely to run close to historical levels (around 6m sq ft a year) for the foreseeable future, the prospects for rental increases look high.

Simon Milde, of Jones Lang Wootton in New York, says the soft leasing market of 1983 has firmed up and rents are back up to 1981 levels, having fallen by anything up to 20 per cent below the previous peak.

"Midtown appears to be stronger than downtown and by the end of this year most of the current generation of midtown space will have been leased up. I expect rents to show around 10 per cent growth during 1983, with modest shortages of space arising in 1984."

Coldwell Banker feel downtown is a much more dynamic market in terms of construction than midtown and it is here that the big leasing deals will now come.

They believe demand is likely to rise more quickly than some of their competitors suggest and predict that prime Manhattan rents could be as high as $75 a square foot by 1986. The projection may represent a minority view but few people doubt the market is in for a period of sound growth.

In the investment market, the imposition of a new state capital gains tax has further reduced the incentive for owners to sell and huge volumes of investment finance continues to chase the tiny number of quality properties coming on to the market.

With most obvious Manhattan sites now developed, new building rarely provides the answer for the frustrated developer. One option is the regeneration of those parts of the island which have traditionally been neglected. South of 42nd Street, as far down as the 'teens, large areas remain underdeveloped and underpriced. Many people believe that locations like these will inevitably come into their own.

Michael Cassell

Profile: Bernie Mendik

Bronx man who rose to the top

BERNIE MENDIK was born in Scotland, raised in the slums of the South Bronx and now sits on top of a commercial real estate portfolio worth over $1bn.

A lawyer by training and an irrepressible enthusiast by inclination, Mr Mendik has become one of New York's best-known real estate investors and developers and claims to be the city's largest single buyer of office property.

As president of Mendik Realty, which he formed in 1978 after a 20-year partnership with Larry Silverstein, Mendik has continued to build up a string of property ownerships which embraces some of New York's best-known buildings.

The portfolio is owned either directly by Mendik or by partnerships and joint ventures in which he is the managing general partner. His partners include some private individuals and some of the country's major institutions, like Equitable Life Assurance and Chase Investors, a Chase Bank subsidiary.

In New York City and Connecticut, Mendik controls over 7m sq ft of office buildings and when those properties still jointly owned with his former partner are taken into account, the total rises to around 9m sq ft.

The properties include such landmarks as Two Penn Plaza, the 1.5m sq ft office building on Seventh Avenue which Mendik bought in the face of tough competition from other real estate groups. The portfolio also embraces

Bernie Mendik: irrepressible enthusiast

Eleven Penn Plaza, the former Equitable Life headquarters on which Mendik has spent $1½m simply to restore the stylish lobby to its former grandeur.

Other properties under the Mendik banner include 909 Third Avenue (1.2m sq ft), the Sperry Hutchinson building on Madison Avenue (770,000 sq ft), the UN office building at UN Plaza (360,000 sq ft), 20 Broad Street (475,000 sq ft).

Mendik says his company's principal philosophy is to pick up property with big management potential, offering opportunities for refurbishment and for improvement in the quality and mix of tenants.

"To develop new space in this city you are talking about $50-$60 a sq ft and it can take three to five years to get it completed. That is not to say we have ruled out new schemes but there are opportunities for buying properties which have been underperforming."

"While it is probably true that you have to buy three square feet of existing property to come out with the same profits if you build one square foot, I can probably buy 3m to 4m sq ft of space in the time it would take me to develop 1.5m sq ft in New York City. And the risk is so much greater if you build."

But Mendik is not in the market for buying top rented property. "My objective is to buy real estate and I'm willing to pay all cash for it, but it's got to be at the low end of the market. Even if I buy a property with average rents of $11 a square foot and can bring them up to $15 a square foot, that's good. If we can get them up to $30, that's incredible."

Mendik says the rental average across the whole portfolio now stands at about $15 a square foot but the average value is nearer $30 a square foot. In Eleven Penn Plaza, he has raised the annual rent revenue from $2½m to $15m in just three years, by sorting out tenants and stepping up the quality of the accommodation.

Undeveloped value is clearly the keyword for a company operating in a city where competition for any useful real estate investment is cut-throat. As for interested foreign investors: "They have a lot more capital than they have expertise. They have to be up very early to beat people like us."

M. C.

Thriving office market

Boston

BOSTON RANKS well down the pecking order in terms of size yet its local property market is one of the healthiest in the country. The rents are higher than most and, in spite of an additional 4m sq ft of new space scheduled to come on stream over the next year or two, developers are much more relaxed about Boston's ability to absorb the new capacity than they are about most other well known U.S. cities.

"Last year was spectacular for the downtown Boston office leasing market with roughly three times the activity of 1982," says Steve Davis of Julien J. Studley's Boston office.

According to Studley's data, close to 2.8m sq ft were leased in 1983 compared with under 1m sq ft a year ago. The total, 1.6m sq ft involved leasings of space in new buildings, which was an increase of 162 per cent on the 1982 figure.

A look at some of the deals of 1983 gives a clue to why Boston's property market is so healthy. Among them IBM's decision to lease 200,000 sq ft at the new Copley Place development, New England Life's leasing of 100,000 sq ft at 399 Boyleston Street, lawyers Levin Cohen's leasing of 100,000 sq ft at One Financial Centre and Massachusetts Mental Health's lease of 80,000 sq ft at 150 Tremont Street.

The majority of the new leasing involved new buildings, but there was also plenty of activity in rehabilitated buildings. John Sunley, one of the growing band of foreign developers and investors avtive in Boston, finished leasing 45 Milk Street, in the heart of the financial district. Hambrecht Quist, T/A Associates and Boston Ventures, familiar names in the venture capital business, are among the major tenants.

Boston and neighbouring cities used to house a third of America's textile industry and half of its shoe and leather industries. However, following World War Two the local economy fell into a deep recession. The textile industry fled south in search of cheap labour, and the shoe industry all but disappeared. For years Boston appeared unable to shrug off its industrial past and its unemployment rate was way above average.

The industrial decline coincided with several decades when Boston attracted virtually no new development. The construction of the Prudential Centre at the start of the 1960s marked a turning point. After years of mutual animosity Boston's political and business communities began to patch up their quarrels and with the aid of organisations like the Boston Redevelopment Authority started to rebuild the city.

Initially, the new building was prompted by federal investment in such projects as the Government Centre Complex. However since the mid-1970s, the private sector has really taken off and this has led to the surge in demand for new space.

The growth of the high-tech companies along Route 128, America's "technology highway" has underpinned the suburban Boston office property market. In the city itself, many of the traditional financial institutions have reawakened from several decades of slumber and are growing rapidly.

The Bank of Boston, which this year celebates its 200th anniversary, is one of the most profitable and successful banks in the U.S. Its growth has whetted its appetite for new space in the downtown area.

Boston is the home of the U.S. mutual fund industry and groups such as Fidelity appear to have offices in virtually every street of the financial district. Boston law firms and insurance companies are major employers in the financial district and the city's lively venture capital industry is another growing user of downtown office space.

The city is the leading U.S. educational centre and probably the leading medical centre. The resulting medical ancillary service companies are all fuelling the demand for space.

The two main downtown areas in the property market are the financial district with about 20m sq ft of existing office space and the Back Bay area with another 7m sq ft. Over 8.5m sq ft of prime office space has been built or renovated since the mid-1970s and there are suggestions that another 12m sq ft could be added by the early 1990s.

Some 2.8m of the 4.0m sq ft coming on to the market within the next two years is in the financial district with the 1m sq ft One Financial Centre due to take its first tenant in April and the 1m sq ft Exchange Place, being developed by Olympia and York, likely to be ready later this year.

According to Studley, rents for first class space have been rising in recent months in spite of the inflow of new space. The average rents for new space in 1983 which includes rehabilitated buildings was of the order of $33.50 per sq ft and John Mannix, a broker with Studley, says that although it is early days yet, the market is talking of $36 to $37 this year.

William Hall

Doubts surround future pace of recovery

U.S. Housing

U.S. homebuilders have witnessed an almost unprecedented turnaround in the residential market in the last two years.

After surviving the ravages of the recession, U.S. residential construction companies are riding a roller coaster of soaring orders, sales and profits as the U.S. economic recovery continues apace.

But the recovery figures disguise some striking regional differences. Perhaps more significantly some economists question how long the current pace can be maintained and are concerned about whether higher U.S. interest rates could prematurely choke off demand — or whether structural changes in the mortgage market have reduced cyclical volatility.

The U.S. housing market went sour with the recession in 1981. The collapse in market confidence — and in prices in some areas of the country like *California—was so severe that* it brought many U.S. savings and loan associations, the traditional mortgage providers, to the brink of bankruptcy. Many others failed.

The balance sheets and earnings of many of the financial institutions which lent heavily to the market—including major banks like Crocker National, the West Coast bank owned by the UK-based Midland Bank group — still bear the scars of the recession.

In 1982, at the low point, new private housing construction dropped to a 36-year-low. That year just 1.06m new homes were started.

But the consumer led recovery which began in August 1982, fuelled by tumbling interest rates, sent house prices and *demand soaring.* By January last year the U.S. prime borrowing rate had fallen from 16.5 per cent to 11 per cent in just five months and, marking step, mortgage rates had come tumbling down.

By the third quarter last year, with the first, and it now seems premature, indications of a slowdown in the pace of economic expansion new and existing home sales were running at annual rates of 575,000 and 2.7m respectively, a 50 per cent improvement over the previous year.

As short term U.S. interest rates began to firm slightly during the final quarter the market slowed slightly. Nevertheless Department of Commerce figures for the full year showed a 60 per cent increase in new *residential* construction starts to 1.7m units. For the U.S. homebuilders the good times appeared, at last. to have arrived.

Reflecting this the sales, profits and share prices of the major U.S. residential construction companies soared. For example, U.S. Home Corp., the largest U.S. housebuilding *company, reported* a 128 per cent increase in net income last year to $27.6m on revenues which increased by 33 per cent to $1.15bn and its share price rebounded from a low of $5.50 a share in mid '82 to $7.50 a share, after adjusting for a share split, at the end of last year.

At the same time the median price for a new single family home increased from $83,900 in 1982 to $89,400 last year and the median price for an existing home increased to $82,700 from $67,800—both comfortably outstripping inflation.

But the broad construction, sales and price figures nevertheless disguise some less rosy trends. In particular industry figures suggest home ownership in the U.S. may have peaked. Figures prepared by St Regis, *one of the leading producers of* construction products for the industry, suggest the number of householders owning their own homes topped-out at 64.4 per cent in 1980 and has declined marginally since then.

Equally significantly the U.S. housing market continues to display distinct regional differences. For example the F. W. Dodge division of McGraw-Hill Information Systems review of the 1983 new construction market revealed a continuing strong surge in the sunbelt states — even though the Houston market, ranked second after Dallas-Fort Worth, actually showed a 19 per cent decline from the strong 1982 year end total.

Seasonal distortions

A similar patchy picture emerges when rentals are compared to sale prices. For example a study by the Corcoran Group of Manhattan published earlier this month showed that while prices of luxury co-ops and condominiums in Manhattan increased by 20.13 per cent last *year, rental prices declined by* 2 per cent (to $2,355 for a basic two bedroom apartment).

The key uncertainty for the industry—and the prospective homebuyer or seller—remains the future performance of the U.S. economy and in particular —of U.S. interest rates.

After seasonal distortions in December and January the latest Commerce Department residential construction figures show February construction of new homes and apartments in the U.S. surged by 11.2 per cent to an annual rate of 2.2m units — its highest level for nearly six years.

Amid the gloom of a 22 per cent downtown vacancy rate and empty construction sites, there has been some light in the 1.2m sq ft of offices leased last year. But much involves lateral movement by tenants to better buildings, while massive cash incentives are available from landlords.

Some 1m sq ft is expected to be absorbed by industry this year, according to A. E. LePage, but this must be set against more than 5m sq ft empty. In the longer term, however, the energy resources and stable political situation should provide a strong development incentive in the light of Middle East problems. Some extraction projects are already being revived in smaller form.

Ottowa has retained its tight market with little office or industrial space available because of lively demand from government-connected business on the one hand and a buoyant high technology sector on the other. Rents of C$16 to C$20 for prime office space will rise because of the minimal vacancy rate. Industrial rents are already among the highest in Canada at up to C$5 a sq ft and occupiers are having to build their own space because of the shortage.

Most economists believe these figures were also distorted by seasonal factors and that the annual rate for 1984 as a whole will settle back to around 1.85m units. As Mr Michael Sumichrast chief economist for the National Association of home builders, said after the February figures were released: "The rate is unsustainably high. I do not think we can continue to have such a rate for more than a couple of months."

While the slight uptick in U.S. interest rates last autumn appeared—at least initially—to slow the market, the more pronounced upturn in rates since mid January has yet to show *through to the housing sector.* Indeed the degree to which it will impact house construction is the subject itself of a lively debate.

Most economists believe that a sustained upwards drift in rates—or in prices caused by the type of short supply that exists in some markets currently—will slow the boom.

Manufacturers Hanover Bank pointed out last month that the current high demand for new homes has left builders with less than four to five months supply—the lowest for more than 12 years. This could put sharp upward pressure on prices at the same time that base mortgage rates—currently around 13.5 per cent—are increasing in line with other *short-term rates.*

Offsetting this however some bank economists and industry participants, like Coldwell Banker, believe employment growth and a continuing population growth in the crucial 25-44-year-old age group will sustain demand.

"Continued healthy income growth should keep rising house prices and mortgage rates from causing any significant reduction in affordability, while a growing number of households will add to the strength of demand," says Joan Schneider, an economist at Chicago's Continental Illinois Bank.

The ultimate "wildcard" could, however, be the unprecedented change in the U.S. mortgage market. There has been a dramatic shift in the U.S. since the last recession from fixed rate to adjustable rate mortgages.

Turnaround

While variable rate mortgages are virtually standard in many countries, including the UK, they were until recently, an anathema in the U.S. This itself was one major factor explaining the plight of the U.S. S and L industry which found itself trapped in the early 1980s by the soaring funding costs representing the interest rates demanded by depositors and their relatively low fixed-rate mortgage income.

Part of the recent turnaround in the U.S. mortgage industry, including the S and L's, is explained by the radical shift in the U.S. mortgage market. S and L's have proved themselves willing to assume more credit risk and less interest rate risk.

Together with the banks they have spearheaded a highly successful campaign to persuade new mortgage customers to accept adjustable rate mortgages—usually indexed to an interest rate series like government treasury bills and often incorporating "frills" like "caps" on the maximum upward interest rate adjustment in a specified period.

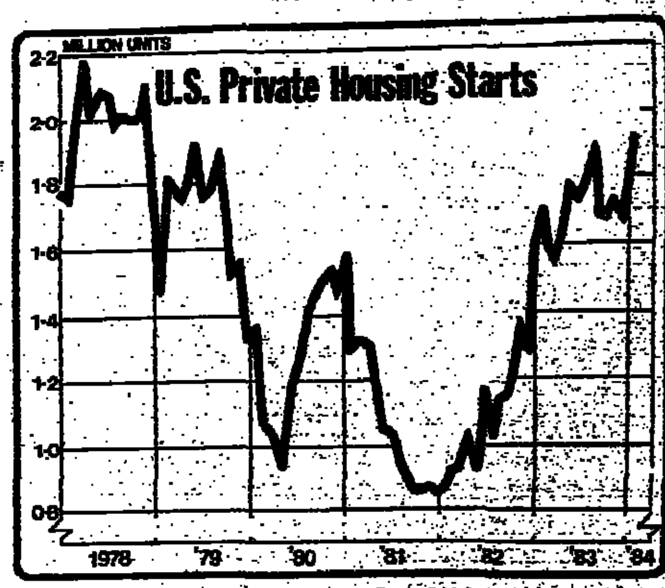
Because of the lower initial rates afforded by adjustable mortgages many prospective home purchasers have opted for the "new" terms. Some estimates suggest that in recent months three out of every five new mortgages have been of the adjustable rate variety. In addition some analysts believe the switch has led to a significantly larger number of U.S. households being able to qualify for loans.

According to Salomon Brothers, the Wall Street investment bank, the number of households qualifying for an adjustable rate mortgage at 11 per cent is around 31m compared to 24m for fixed rate mortgages at 13.5 per cent.

Mr Joseph Hu, of Salomon Brothers, says this could "significantly alleviate the negative impact of rising long-term mortgage rates on housing affordability."

The relative recent introduction of variable mortgages in the U.S. makes it difficult to assess their impact on the market. While adjustable rate mortgages do appear, so far, to have had a (positive) dampening effect on market perceptions the overriding attention of the industry, and its customers, is still focused on more traditional measures such as the performance of the economy, income growth, inflation, home prices and the psychological impact of a renewed round of rising interest rates.

Paul Taylor



Toronto's space supply dwindling

Canada

TORONTO is now established as the business and financial base of Canada, with substantial U.S. and overseas connections, so it has ridden the recession much easier than other Canadian cities and is further along the road to recovery. Some 3.5m sq ft of office space was absorbed in 1983, according to brokers A. E. LePage. This was twice the 1982 level but half that of 1981.

The city is still a tenant's market, however, with rents (including incentives) some 20 per cent lower than in 1981. Surveyors Drivers Jonas put the level at the end of 1983 at around C$24 a sq ft (net) for prime downtown space, although this falls to $9 for suburban Class A space.

Some 6m sq ft came on to the market last year, edging the downtown vacancy rate up to 9 per cent. But only 1.5m sq ft is due for completion this year in the high-demand area and absorption is expected to be slightly higher than this.

Increasing pressure from both Canadian institutions and foreign investors has made Toronto a seller's market for prime investments. Much of the downtown potential is tied up in the hands of a few developers and funds, making the supply even tighter, particularly for properties worth more than C$10m.

Yields would be 8½ to 9½ per cent for a fully let $10m downtown building. Drivers Jonas, buying prime office and shopping, say clients are advised at 16 per cent, providing a one-third permium over risk-free, long-term stocks.

The subsidiary of British-based Hammerson has remained active through the purchase of the best assets of Mascan, vehicle of the legendary developer Bruce McLaughlin, with a £47m British share placing and assumption of £97m of mortgages and debt. The star of the portfolio is the 1.2m sq ft Mississauga shopping centre.

Hammerson has also let a third of its 235,000 sq ft University Avenue office block. But Sydney Mason, the chairman, says the market is tough, with developers cutting rents *to fill big schemes.*

The industrial market is still a problem, but with production rising again absorption and rents have edged up. Speculative development may restart if the 27m sq ft of empty stock falls below 20m sq ft as expected in 1984.

Vancouver, in Western Canada, has weathered the recession better than the oil-based economies of Calgary and Edmonton. The resurgence of the North American housing industry has had an inevitable effect on the economy of the region because of the importance of lumber exports.

A. E. LePage reports a possible shortage of downtown office space by next year, but London-based surveyor David Bayly, who spends much of his time working on the West Coast, says the traditional cyclical pattern of Vancouver development could mean a glut in two years.

This is exacerbated by a sluggish letting market, with prime rents being held at C$20 to $25 a square foot only with difficulty.

Vancouver is less insulated than the other Canadian cities in terms of real estate investment. Hong Kong and Asian money has flowed across the Pacific for some time and there is a traditional British presence in companies like Grosvenor International, Laing Properties and Country and New Town. British funds are also in evidence, but have to fight tooth and nail with home institutions for a diminishing number of prime investments.

Partnership

Northwest Freeholds, a vehicle run for Grosvenor and several British pension funds has paid more than C$100m for the 600,000 sq ft Bank of Nova Scotia building, which includes shopping, on the corner of West Georgia (the prime banking street) and Granville (the prime shopping area). The rent roll is about C$8m a year with some reversion over five years.

Grosvenor's development arm also has a 200,000 sq ft office block rising on Georgia Street in a partnership with Butlin International.

The Canadian subsidiary of Country and New Town, meanwhile, has transformed a 15 per cent slice of a ground lease on West Pender into a safely-geared 50 per cent of the new 180,000 sq ft office block on the site, with a five-year rent guarantee, all for a net cost of about C$3m and fixed interest funds from Maritime Life. Bayly Associates represented C and NT.

Imbrook, the development partner, is showing the typical Canadian institutional confidence in Vancouver, says Bayly. He advised the Bank of British Columbia, for instance, in the leasing of its key West Georgia site to Imbrook for a *400,000* sq ft office and banking development. The bank will lease back a third and receive a C$2m annual ground rent plus a substantial slice of future rent income.

Calgary has typified the fall from grace of the Canadian oil industry. Prime downtown office rents have collapsed from C$30 a sq ft three years ago to around $10/12 and there are strong indications that those British funds who became involved in the boom years are scurrying to unload buildings.

The former boom town illustrates the observations of Christopher Jonas, who has been buying investments for Canadian clients in Canada since the early 1970s through surveyors Drivers Jonas, *that* some development in North America was being budgeted on future rents. When oil prices fell, so did rents and the reverberations are still being felt by some strained development companies.

David Lawson